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Governing Angola's oil sector the illusion of revenue transparency?

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Governing Angola's Oil Sector: The Illusion of Revenue Transparency?

By

Liliane Chantal Mouan

April 2015



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***A thesis submitted in partial fulfilment of the University's requirements for the
Degree of Doctor of Philosophy***

ABSTRACT

How has oil revenue transparency been institutionalised in the developing world, why and to what effects? And what explains the outcomes of such processes? These are the main questions this dissertation will seek to answer using as a case study Angola, Africa's second largest oil producer and a key case at the centre of global demands for oil revenue transparency in the sub-region. Previously a poster child of the 'resource curse' and reluctant to abide by Western pressures to reform, Angola has recently implemented a series of initiatives amongst which many that have been acclaimed by its international partners. In spite of this, sceptics regard the country's elites as having 'anti-reformist' attitudes and implementing reforms merely in a piecemeal manner just so as to disguise the true nature of the regime and get off the hook of Western campaigners. They frame their critique of transparency practices around information discrepancies and corruption scandals, arguing that many of these regulatory efforts have had anti-developmental effects and in fact produced other types of opacity in the Angolan oil industry and beyond.

Drawing from key case study analysis, conference notes and over 100 interviews with key stakeholders, this thesis will examine the key features, drivers and consequences of Angola's reform agenda. It finds that while there is indeed some evidence pointing towards the legitimisation of corruption in the oil industry, one needs to go beyond both information availability and corruption scandals to understand this Angolan paradox, and arguably, the diffusion process of the emerging global norm of oil revenue transparency in developing countries. Specifically, the thesis shows how competing normative and material rationales, external actors' legitimacy shortfalls and oil's materiality combined to shape not only the design but also the implementation and effects of oil revenue transparency policies. Its conclusions warn against an overreliance on imported models for solving complex governance challenges such as resource-related corruption in Africa.

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LIST OF ABBREVIATIONS

AEO:	<i>African Economic Outlook</i>
AFRICOM	<i>United States Africa Command</i>
AJPD	<i>Associação Justiça, Paz e Democracia</i>
API:	<i>American Petroleum Institute</i>
BBC:	<i>British Broadcasting Corporation</i>
BNA	<i>Banco Nacional de Angola</i>
BP:	<i>British Petroleum Plc</i>
CASA-CE	<i>Convergência Ampla de Salvação de Angola-Coligação Eleitoral</i>
CEAST	<i>Conferência Episcopal de Angola e São Tomé</i>
CIF	<i>China International Fund</i>
CJP	<i>Commission for Justice and Peace</i>
Cobalt:	<i>Cobalt International Energy</i>
CRS:	<i>Catholic Relief Services</i>
CRTC	<i>Coalition for Reconciliation, Transparency and Citizenship</i>
CSIH	<i>China Sonangol International Holdings</i>
CSIS:	<i>Centre for Strategic and International Studies</i>
CSO:	<i>Civil Society Organisation</i>
CSR:	<i>Corporate Social Responsibility</i>
Dodd Frank Act	<i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>
DoJ:	<i>Department of Justice</i>
E&P	<i>Exploration and Production</i>
EIA:	<i>US Energy Information Administration</i>
EIR:	<i>Extractive Industries Review</i>
EITI:	<i>Extractive Industries Transparency Initiative</i>
EO:	<i>Executive Outcomes</i>
EU Rules	<i>EU Accounting and Transparency Directives</i>
EU:	<i>The European Union</i>
EximBank:	<i>China's Export-Import Bank</i>
FOREX:	<i>Foreign Exchange</i>
FSDEA	<i>Fundo Soberano de Angola</i>
GCS:	<i>Global Civil Society</i>
GDP:	<i>Gross Domestic Product</i>
Genel	<i>Genel Energy</i>
GoA:	<i>Government of Angola</i>
GW:	<i>Global Witness</i>
HIPC:	<i>Highly Indebted Poor Countries</i>
HKEx:	<i>Hong Kong Stock Exchange</i>
HRW:	<i>Human Rights Watch</i>
IBP	<i>International Budget Partnership</i>
IFI:	<i>International Financial Institution</i>
IMF:	<i>International Monetary Fund</i>
INGO:	<i>International Non-governmental Organization</i>
IO	<i>International Organisation</i>
IOC:	<i>International Oil Corporation</i>
IRI	<i>International Republican Institute</i>
LAP	<i>Law on Administrative Probity</i>
LUPP	<i>Luanda Urban Poverty Programme</i>
MDGs:	<i>Millennium Development Goals</i>
MINFIN	<i>Ministério das Finanças</i>

MINPET	<i>Ministério dos Petroleos</i>
MINPLAN	<i>Ministério do Planeamento</i>
MITI:	<i>Ministry of International Trade and Industry</i>
MPLA:	<i>Movimento Popular de Libertação de Angola</i>
MSI	<i>Multi-stakeholder Initiative</i>
NATO	<i>North Atlantic Treaty Organisation</i>
NGO :	<i>Non-governmental organisation</i>
NIE:	<i>Newly Industrialised Economy</i>
NOC:	<i>National Oil Company</i>
OAU	<i>Organisation of African Unity</i>
OfD	<i>Oil for Development</i>
ORT:	<i>Oil Revenue Transparency</i>
OSF:	<i>Open Society Foundation</i>
OSISA:	<i>Open Society Initiative of Southern Africa</i>
PRS	<i>Partido de Renovação Social</i>
PWYP:	<i>Publish What You Pay</i>
RELUFA:	<i>Réseau de Lutte contre la Faim au Cameroun</i>
RWI:	<i>Revenue Watch Institute</i>
SAP:	<i>Structural Adjustment Programme</i>
SBA:	<i>Stand-by-Agreement</i>
SEC:	<i>U.S. Securities and Exchange Commission</i>
SIGFE	<i>Sistema Integrado de Gestão Financeira do Estado</i>
SMP	<i>Staff-Monitored Programme</i>
Sonangol	<i>Sociedade Nacional de Combustíveis de Angola</i>
SSA	<i>Sub-Saharan Africa</i>
TAI:	<i>Transparency Accountability Initiative</i>
TI:	<i>Transparency International</i>
UK:	<i>United Kingdom</i>
UN:	<i>United Nations</i>
UNCTAD:	<i>The United Nations Conference on Trade and Development</i>
UNDP:	<i>The United Nations Development Programme</i>
UNICEF:	<i>United Nations Children's Fund</i>
UNITA:	<i>União Nacional para a Independência Total de Angola</i>
UNRISD:	<i>United Nations Research Institute for Social Development</i>
US:	<i>United States</i>
USAID:	<i>U.S. Agency for International Development</i>
White Rose	<i>White Rose Energy Ventures</i>
WSSD:	<i>World Summit on Sustainable Development</i>

INTRODUCTION

“Transparency: a powerful idea whose time has come.”

Balde (2011)

“At long last there was something to replace the international press’s image of Angola as a nation at war.”

Pepetela (2002: 66)

In December 1999, a London-based organisation called Global Witness (GW) released its first report entitled *A Crude Awakening: The Role of Oil and the Banking Industry in Angola’s Civil War and the Plunder of State Assets*. The report highlighted the extent to which a significant proportion of oil revenues in Angola were allegedly subverted for personal gain and support of elite interests, and this in the midst of a brutal civil war (GW 1999: 2). Having identified the international oil and financial industries as “a key factor in this equation of corruption and opacity” (ibid: 4), the campaign group called on multinational oil firms to “ensure that, in Angola and in other countries with similar problems of lack of transparency and government accountability, a policy of ‘full transparency’ is adopted” (ibid: 3). By ‘full transparency’, the group meant that “Companies must clarify their exact relationship with government. This means that all payments must be published and made available in a easily understandable format to the Angolan population, and internationally” (ibid: 13).

A Crude Awakening kicked off what would become a global campaign for oil revenue transparency (ORT). Among the oil ‘supermajors’, BP was the first to “stick its neck out” in favour of the principle of ORT (Christiansen 2002: 13). In a letter to Global Witness dated 6 February 2001, BP bosses disclosed that the company had paid US\$ 111,089,000 as signature bonus for block 31 in which the company holds a 26.7 per cent stake (GW 2002: 41). They added that the oil firm would make public information related to its total net production, aggregate payments, total taxes and levies paid to the Government of Angola (GoA). These announcements were made in advance of its first oil production in the country. They were the results of the company’s dialogue with international non-governmental organisations (INGOs), and its realisation that its

involvement in resource-rich countries like Angola could become problematic “if the government fails to live up to the commitments to increase democracy, accountability and transparency, and if oil revenues continue to be the main source of income to the government” (Bennett 2002: 8). The announcements also received much support and acclaim from these non-state actors, including GW which qualified them as ‘an excellent move’ (GW 2001). But they eventually backfired. In a letter also dated 6 February 2001 and copied to other oil companies operating in Angola, Sonangol, the Angolan national oil company (NOC), accused BP of “seriously violating the conditions of legal contracts”, and threatened to revoke its contracts if it followed through with its pledge (GW 2002: 41).

This incident - now referred to as the ‘BP incident’ – intensified debates within the petroleum industry, leading up to the creation in 2002, of two ORT initiatives which have since dominated the ORT landscape: the Publish What You Pay (PWYP) coalition, which is a global network of NGOs advocating for mandatory disclosure of oil payments; and the Extractive Industries Transparency Initiative (EITI), a multi-stakeholder initiative more favourable to voluntary disclosures by both governments and companies. The two initiatives have not only gained international visibility, but also immense influence in the setting, shaping and implementation of the ORT agenda globally, as demonstrated in the forthcoming discussion on their effect on legislative acts such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (thereafter ‘Dodd-Frank Act’) and its counterparts in Europe, Hong Kong, the United Kingdom, and Canada (see Chapter 2). Needless to say, with this development spawned a myriad of other government and NGOs initiatives (Lipschutz 2013) and a global industry attracting a multitude of transparency professionals and ‘experts’, media, scholars and think-tanks (see, for example, CSIS 2004; WWIC 2007; Chatham House 2010).

For a number of ORT’s most high-profile advocates, the aforementioned changes attest to the fact that “transparency is no longer an aspiration, but an expectation.”¹ Other critical scholars and analysts point out, however, that ORT only has a minimal impact on governance and development in Africa and elsewhere in the developing world. A

¹ This statement was made by six leaders - including Joe Clark (former Prime Minister of Canada), Lord John Browne (former Chief Executive Officer of BP), Senator Richard Lugar (co-author of Dodd-Frank 1504) and Professor Jeffrey Sachs – in an open letter urging Canada to implement the EITI. See <http://eiti.org/news/open-letter-pm-harper-urges-canada-implement-eiti> [Last accessed, 20 March 2014].

consensus is emerging for example, around the failure of ORT standards to curb corruption in the extractives sector. To give the prominent example of EITI, Ölcer argued that “although the EITI has been very useful in directing the international community’s attention towards the extractive sector, it has not been able to significantly lower corruption levels” (Ölcer 2009: 5). Others note that the key issue with this standard is that assumptions underpinning its formation and processes are not based on the evidence available on the causes of the problem it is expected to solve. In fact, they contest that EITI might be distracting from other more pressing issues (Kolstad and Wiig 2009: 526). Bracking (2009) added that besides its inability to reduce corruption in the extractive sector, EITI may actually facilitate “excessive profit extraction” by multinational companies. These analysts are indeed part of a growing cohort of researchers bringing to light the gap existing between the theory and practice of ORT in developing countries.

Together, the growing momentum for greater ORT and abovementioned critiques of ORT standards make it imperative to pause and critically reflect on its benefits, costs and achievements, particularly when considering that the current overemphasis on EITI, which in many cases limits the potential for lessons to be learned outside the EITI framework. The thesis seeks to deepen understanding of whether, how and under what conditions ORT reforms can be effective in a non-EITI setting. The remainder of the introduction sets out how this objective will be achieved in the upcoming chapters. It will expand on the main research questions, aims and objectives that guided this research project, as well as the theoretical approach adopted, and methodology employed. First, a point of order is made regarding the differing connotations of, and some illusions inherent, in the “coercive ideological transparency” (Bianchi 2013: 17).

THE IDEA(S) OF TRANSPARENCY

Transparency has a long history, especially in the Anglo-Saxon world and in Scandinavia where it originated following demands for respect of the rule of law and government accountability. It is often counterpoised with participatory democracy, good governance, human rights, trust, legitimacy, accountability, information and knowledge. Despite this long history, and despite it being seen often as a panacea to all ills, there is

still no consensus on what transparency really means. That a universal definition is lacking, or a proliferation of meanings is evolving, is due to two main factors: 1) the concept's significant alterations over time, caused mainly by its application to numerous fields, including that of politics, security, public health, economics and the environment to cite but a few; and 2) the varied and competing expectations attached to the principle. As Bianchi (2013: 7) rightly points out, this is compounded by the fact that the one INGO that is expressly dedicated to the issue, Transparency International (TI), defines the term only in relation to corruption.

The various expectations of transparency are no doubt context-specific and differ according to one's occupation, income, demographic group, and emotional involvement (Oliver 2006: 2). But they equally are influenced by constructions of values such as democracy, privacy, efficiency, accountability, which play a key role in the construction of transparency (Mason 2008: 12). One major consequence of this multiplicity and divergence of expectations and conceptions of transparency, this thesis will show, is the institutional uncertainty surrounding its value and role in the types of societies in which it is expected to be institutionalised. Another consequence is the difficulty in finding the "best yardsticks for measuring change and progress" (Koechlin and Calland 2009: 106). To the extent that it may not be possible to measure transparency so that there is an unambiguous comparison of two situations, whether separated by time or location (Heald 2006: 40).

In effect, transparency is inherently elusive and ambivalent (Bianchi 2013). The ways in which the concept is interpreted and applied often obscure a number of illusions. This could be an "illusion of virtual reality" or "when we may be looking at a 'mirror, reflecting what we – as users – are inclined to believe, rather than at a glass or a transparent window'" (ibid: 15-16; Heald 2006: 41). There could also be a "visual illusion", that reflects a misinterpretation of cues, or the co-existence of different connotations that the same phenomenon may take, depending, as Bianchi (2013: 16-17) and others observe, on professional bias, individual wishes, outlook, experiences, social norms, behaviour, attitudes, public opinion, values and often misleading or flawed self-perceptions about one's emotional and psychological transparency. And finally, a third illusion – or rather delusion – to be mindful of is that which leads information senders to overestimate the extent to which they are transparent or readable and engender a spiralling reaction that may generate at best an apprehension towards transparency, and at worst, more

secrecy (Bianchi 2013: 17). All three dimensions are relevant to the analysis that ensues. Nonetheless, for the purpose of simplicity, the idea of “illusion” that is adopted in this context connotes the main misleading assumptions, limits, tensions, complexities, ambiguities, uncertainties, and contradictions that are identified as being associated with the concept of transparency, its practices and processes. These relate, for the most part, to the relation between transparency, information and power.

ON THE ILLUSION(S) OF TRANSPARENCY

Today’s discussions of transparency are characterised by a “war of ideas about what transparency is good for and when” (Florini 2007: 91). There are currently two views: one that holds that the best transparency can achieve is some partial and tangible degree of progress (see, for example, Soares de Oliveira 2006: 84; Benner et al 2010; Fox 2013; Gillies and Heuty 2011); and the second view is that which is defended by campaigners who expect greater transparency to empower citizens and deliver socio-economic justice, and question the value of this sort of transparency that focuses solely on incremental change. What follows is a brief analysis of some of the shortcomings inherent in these two propositions that link transparency to information disclosure and power.

In effect, one of the most visible characteristics of the ‘data revolution’ of the past decade or so has been the over-privileging of information, with most debates on transparency focusing on the operationalisation of transparency as “information availability” which inevitably leads to more optimistic predictions (Lord 2006: 16; Christensen and Cheney 2013). For proponents of this approach in the oil industry to which the principle has particular relevance (Barry 2013: 6), the emphasis should be on “open disclosure of what you pay and what you receive, for each of the two main actors – corporations and governments” (Koechlin and Calland 2009: 106). Among the very few definitions of transparency that convey this focus on information is that adopted by Gillies and Heuty (2011: 28), who define transparency as “public disclosure of information in accessible formats”. These analysts and others who espouse the same view are critical of expansive definitions, such as Ann Florini’s conception of transparency as “the degree to which information is available to outsiders that enables them to have informed voice in decisions and/or to assess the decisions made by

insiders” (Florini 2007: 5). They argue that despite providing some flexibility in determining the context to which transparency is applied to, this definition elevates transparency to intrinsic value in a way that blurs the distinction between the two very distinct concepts of transparency and accountability (Gillies and Heuty 2011: 28-29). Yet even this ‘way of seeing’ transparency in relation to information poses great challenges to the operationalisation of the concept. For instance, who is expected to provide what information, by whom, when and how? What is or are the purpose(s) of that information? How relevant is it, and for whom?

This complexity was highlighted during the course of this research project, and again recently, during an event on “New Directions in Governance” co-hosted by the World Bank’s Governance Partnership Facility and the Overseas Development Institute in London in September 2014. At the gathering, attended by senior staff of Western aid agencies, think-tanks and the World Bank, four main issues were raised that support the literature’s misgivings about the potential of transparency. The first is the presumption that the information in question always exists, that it is accessible, comprehensible, credible, usable by consumers, hence, that it has a clear meaning, is free of manipulation, and even contains signposts on how to seek redress. In actual fact, transparency is not an “antidote to the opacity of the state” (Barry 2013: 180) as many suggested. The fact is that the state, which is central to informational exchange processes, is not always the “coherent, responsible and responsive” actor that is portrayed in traditional accounts of transparency theory (Fernster 2006). On the contrary, the dynamics of modern bureaucracy – that rests in part on “the production and hoarding of information, and on a bureaucracy’s *‘keeping secret* its knowledge and intentions’ from competing organizations and from the public” - are such that it is not only incoherent but also unresponsive to demands for openness (Fernster 2006: 915-21 citing Weber 1968; emphasis in the original).

The second issue with this idea of transparency as information relates to the appropriateness of technological options that underpin the construction of transparency, or the question as to whether communication through information and communication technologies (ICTs) can, in a participant’s words, “close loops or not”, or indeed whether certain types of ICTs should be favoured against others. This aspect is all the more important considering that “internet transparency” has serious implications not just for

the accessibility and manipulation of information as will be pointed out in Chapter Four, but for public accountability more broadly. What is more, many observers are concerned that there is not enough probing of the relevance - that is the salience, usability and comprehensibility (Peters 2013: 547; Gillies 2011:2) - of the information produced for the wide range of stakeholders involved in the process of information transmission and reception – communities, civil society, corporations, governments, multilateral agencies to name a few. That is despite the warning that transparency policies must be “user-centred”, that is, focused on the needs, interests and capacities of both information users and disclosers, in order to be effective (Fung et al 2007:11).

It follows that the type of information that is made publicly available, the type of ICTs it is disseminated through, and the way it is framed, all have major implications for power imbalances. As Mason (2008: 11) remarks, “disclosure-based governance arrangements can be skewed by particular problem framings and unequal distribution in the capacity to access, interpret and use information”. There is a third set of challenges that relates to unintended consequences. Indeed, experts warn that transparency itself can be used as a strategic tool for control and a source of the same inequities and unfairness that it is intended to eliminate (Stiglitz 1999; Kolstad and Wiig 2009: 523-4; Creed and Zutshi 2012). They caution that an undue amount or the “wrong” kind of transparency (Prat 2003, 2004) can have damaging effects on trust (O’Neill 2002; Fox 2005; Heald 2006), efficiency and effectiveness (Heald 2003, 2006), and competition (Stiglitz 1999; Florini 1999). It can generate more corruption, notably, by increasing the probability that the relevant officials to corrupt are detected (Stiglitz 1999; Bac 2001; Kolstad and Wiig 2008). It can equally encourage power holders to be either less honest and produce a flood of unsorted information (or misinformation) that adds to uncertainty rather than trust; or to adopt a conformist behaviour once they are aware of the consequences of their actions (O’Neill 2002: 72-3; Prat 2003, 2004; Fox 2005). As noted earlier, another major issue relevant to the oil industry is that if the transnational political debate directed the world’s attention to ORT, it effectively marginalised other aspects that pertain to local communities’ needs and expectations, including those revolving around employment practices and the politics of labour (see Barry 2013, and herein, Chapter Seven).

Regrettably, with a few exceptions (see Bracking 2009; Gould and Winters 2009, 2011), the focus of writings on transparency has tended to be either on a liberal and functionalist view that “more and better information” can facilitate effective international

cooperation; or on more constructivist perspectives that analyse information itself as “arena of political conflict rather than as a means to rationalise such conflicts” (Gupta 2010a: 33). Essentially, these works examine transparency’s role in ameliorating information asymmetries without paying due regard to the potential for transparency to reconfigure existing power asymmetries. This is particularly unfortunate given that according to many of its proponents, the main value of transparency stems from its role in overcoming information and power asymmetries that may exist between the principals (citizens, shareholders) and their agents (governments, companies’ managers). Underpinning this relation between transparency and power is the notion of “empowerment through information”, which heightens the governance significance of information use by civil society actors (Mason 2008: 10). In the oil industry, the idea is that if accompanied by greater civil society scrutiny, governments and companies’ publication of more and better quality information related to oil revenues can enable citizens to pressure their governments to spend more on programmes that can boost economic growth and poverty alleviation (Transparency International 2008: 10).

But there are several challenges with this proposition on transparency and power as well. As a starter, one can query whether the relationship between information, citizen/civil society action, and government responsiveness is always the classic linear model of communication that it is often portrayed (see also Fernster 2006: 914). In fact, it is possible that citizens are mobilised before any information is released; or that the state makes information available prior to citizens being mobilised. It is a fact too, that this model would be contingent on incentives to eliminate barriers to the production, demand and access of information, and trigger a change of behaviour and practices; as well as several other (visible and often invisible) dependent variables, including as will be illustrated herein resource materiality and the existence of a citizenry, civil society or public that is attentive, interested, knowledgeable, and understands and learns from government information in predictable ways (Fernster 2006: 930). Yet according to public choice theorists, to the extent that they have an interest in politics at all, citizens are more interested in policy outcomes than policy inputs, and they have very few incentives to spend the resources required to acquire information (ibid: 928). Besides, just like government, civil society is not homogenous. And whilst it is important to hold it as a potentially strong “intermediary” (Fung et al 2002, 2007; Mol 2008) in the informational exchange process, this should be with sufficient regard to its history,

nature, character and capacity (Idemudia 2010: 4), for these factors can prove critical to the potential effectiveness of transparency policies.

Michael Mason expanded on this point. In his view, “claims of civil society organizations to speak for environmental victims or wider public interests are themselves claims to political legitimacy based on democratic norms.” “This begs the question of political representation”, he added, questioning: “for whom is transparency intended? And by which standards of accountability are disclosure-based governance mechanisms to be judged?” (Mason 2008: 11). Likewise, if as scholars suggest, incentives to enhance transparency can be found especially at the international level where the sources and location of power in international politics can be easily located (Gupta and Mason 2014: 10), are there sufficient incentives for international actors to help advance the ORT agenda? The thesis will raise similar questions and tease out possible answers drawing from specific case studies and interviews, but will leave it entirely to the reader to draw definite conclusions on what ‘ought’ to be.

LIFTING THE LID ON TRANSPARENCY

The preceding analysis lends credence to Bianchi’s (2013: 10) conclusion that information is not synonymous with transparency. In order for it to be aptly employed, it has to meet the requirements of “complex chains of comprehension”. It can be used instrumentally to advance differing and often conflicting purposes and goals, and besides the aesthetics of design, performs “more sophisticated functions at the interface of society and (professional) culture” (ibid: 15). Put simply, “transparency comes with the price of oversimplification” (ibid: 16). Using Angola as a case study, this study aims to lift the lid on the ORT ‘black box’ by unpacking the various meanings of transparency, and examining how it has been institutionalised, in a developing country context. The research is underpinned by three main questions: *How have ORT reforms been institutionalised in Angola, why and to what effects? What explains these outcomes? And how does the analysis of the institutionalisation of ORT in Angola develop a critical reading of the potential and limits of transparency in the extractive (oil) industry?* Specifically, it seeks to achieve four main objectives:

- (i) To give an overview of ORT policies that Angola implemented through this postwar period, and provide a critical analysis of their implementation in order to appreciate what type of transparency is at play in the country.
- (ii) To investigate the principal assumptions and rationales underpinning and driving the current transparency turn in the oil industry, globally and locally. In particular, following Gupta and Mason (2014), the study proposes to show how these (normative and material) rationales have intersected with one another and the conditions under which one or the other may have dominated, to the point of shaping not only the design, but also the practice and effects of ORT policies.
- (iii) To examine the outcomes these policies have led to so far, and lay out the possible reasons that might help explain them.
- (iv) To build on the empirical data generated through this analysis of ORT in postwar Angola to develop an understanding of the limits of ORT more broadly.

This study makes a substantial and timely contribution to the social science study of oil and to transparency theory, notably by moving “beyond accountancy” (Newell and Wheeler 2006: 22-23) to examine the broader context of transparency practices. It draws from the works of Aarti Gupta (2008, 2009, 2010a, 2010b) and colleagues (see, for example, Mason 2008; Gupta and Mason 2014), to assess the ability of transparency to achieve its normative, procedural and substantive ends. Broadly speaking, this entails critically examining whether transparency *informs*, *empowers* and *improves* oil governance. From a policy perspective, the research concludes at a time when ORT norm proponents – global civil society (GCS) and IFIs in particular - find themselves at a crossroads, and appear to be searching for new and more coherent ways to engage and reconnect with the original purpose of increasing citizen-state engagement, and align transparency policies with the expectations of citizens. It can therefore be seen as a welcome contribution to ongoing debates on the appropriateness, effectiveness and future of the ORT policy norm.

The thesis adopted two main hypotheses. From the outset, the working assumption was that full transparency is an illusion generally, but also specifically in the industry and

context to which it is applied. In this context, it was conceived that though transparency may inform about basic facts, it does not necessarily empower neither does it lead to improvements of the oil governance context partly due to a general lack of incentives and commitment to bring about reforms (see Mouan 2010a). Mid-way into the research, however, a second hypothesis emerged, influenced by the author's preliminary findings on the application of transparency in Angola, her observations of the difficulties encountered by EITI in several implementing countries and finally, the revolutionary wave of protests and demonstrations that began in December 2010 and has come to be singularly known as 'Arab Spring' or 'Arab Uprisings'. In particular, without undermining EITI's achievements or romanticising the Arab Spring, the limits of the former and the "narrative of potentials" (Larsen 2011: 50) constructed by the latter were believed to be exposing both the shortcomings of externally-imposed "governance by disclosure" policies (Gupta 2009), and the potential that can be achieved if and when citizens are actively participating or indeed leading in the process of change in their countries. At this stage, the additional hypothesis to test was that for transparency to lead to *some* improvement, it needs not be 'opaque', and must be coupled with accountability and active citizenship. As such, four key principles guided the research:

- (i) *Right to know.* Gupta aptly described the 'right to know' as the "first-order *normative goal* that governance by disclosure may seek to further" (2009: 9; emphasis in the original). A more detailed analysis of this idea follows in Chapter 2. Suffice it to point out that as conceived here, the 'right to know' comprises two distinct but related aspects. The first relates to whether transparency policies put in place by the GoA further such a right – that is, "whether a right to know is contested or not and the extent to which it is being *institutionalised* in practice in a given disclosure initiative" (ibid). The second aspect, on the other hand, will involve questioning whose right to know these transparency policies actually promote. It will, in particular, test the assertion that transparency predominantly benefits private sector actors (see Bracking 2009; Dingwerth and Eichinger 2010; Gupta and Mason 2014: 10), at the expense of citizens.
- (ii) *Type of Transparency.* A second concern here is the identification of the type of transparency that is at play in Angola. As Fox (2007: 665) remarks, 'right to know' reforms can only promote a particular type of transparency. In the past decade or so, however, variations and directions of transparency were for the most part left implicit in academic and policy debates, making this aspect one

of the most understudied of the rise of transparency in global energy governance (Heald 2006: 27). In fact, a consensus is only just emerging about the fact that “zombie transparency” (opaque and aggregated transparency) or “partial transparency” (revenues rather than contracts, expenditures, sovereign funds and other valuable information) cannot lead to positive change (see Dawson 2013; Bielfeldt 2013). Heald (2006) and Fox (2007) provided a useful framework for measuring the effectiveness of transparency policies. Besides distinguishing “opaque/nominal” from “clear/effective” transparency, these authors identified, in particular, two directions of transparency that are essential for any consideration of its effectiveness: “upwards transparency” reflecting states imperative to monitor citizens; and “transparency downwards” or that which goes from the state to society and is critical for right to know reforms and public accountability. The dissertation will seek to detect which of these four categories underpins Angola’s ORT reforms, in addition to probing how and the extent to which they shape the institutionalisation of ORT in Angola.

- (iii) *Empowerment for Accountability.* In the previous section, the point was made that transparency seeks to promote such procedural aims as democratic governance, knowledge and accountability. Indeed, a particular concern of the study is whether and the extent to which the particular type of transparency that is at play – which, incidentally, Chapters 4 and 5 find to be partial or opaque – has led to the essential elements of empowerment and accountability. Empowerment is generally defined as a process through which individuals or organised groups increase their power and autonomy to achieve certain outcomes they need and desire (Eyben 2011), while accountability is perceived as the obligation of power holders to account for or take responsibility for their actions (Malena et al 2004: 2). In this sense, accountability is not just about answerability, which is what transparency promotes, but also about delivering enforceability or the ability to impose sanctions against illegal behaviour (Newell and Wheeler 2006: 7; Fox 2007: 667-68; Schedler et al 1999; Goetz and Jenkins 2001, 2005). In addition, accountability can be “vertical”, referring to elections and other mechanisms by which citizens control governments; or “horizontal”, that is, involving internal checks and balances between various branches or organs of the state to ensure that due process is followed in governmental decision-making

(Jayal 2008: 108). In this thesis, rather than taking the empowerment of civil society and citizens and social accountability as a starting point, one asks whose empowerment the particular type of transparency on display leads to. An additional question is to whom information holders are or should be accountable. It is hoped that this approach would allow for the inclusion of ways in which different factors and actors, internal and external, shape the directionality of empowerment and accountability.

- (iv) *Citizenship*. A fourth principle that is critical to this enquiry into oil governance reforms in Angola is citizenship. As Grugel and Nem Singh (2013: 61-83) noted, scholars have largely failed to engage with the consequences of democratisation when it comes to understanding resource governance in developing countries. Emphases are on “resource curse” theories (see Chapter 1); the econocentric, technocratic top-down prophylaxes and cures to be applied by the governors, policy-makers, and ordinary citizens of oil states (Weszkalnys 2009: 681); global and domestic structures; as well as on elites’ negotiations, presuming perhaps that political choices are predetermined by elites’ preferences, and inadvertently downplaying the ways in which social mobilisation and community organisation can shape policy outcomes especially, though not exclusively, during economic booms (see also Obi 2008: 9). This neglect of the possibilities offered by citizenship struggles in those settings is all the more surprising given that the development of civil society in states targeted by transparency campaigners is a crucial objective of the diffusion of ORT. The current enquiry considers the notion of citizenship in relation to rights and accountability. In this context, following Newell and Wheeler (2006: 6) and Kim and Lee (2012), ‘citizenship’ relates concurrently to (a) rights claims that people believe they should be able to make of institutions, as well as their entitlements to access to material resources; (b) the multiple and overlapping connections and relationships that emerge from daily experiences; and (c) citizens’ engagement in the discourse on transparency, anti-corruption, good governance, as well as the strategies they employ. The argument here is that “possibilities for accountability are [...] strongly shaped by how citizenship is exercised, enforced, denied” (Newell and Wheeler 2006: 29).

As noted previously, this is a case study of the application of ORT in Angola. The case study approach has several uses. Scholars consider it appropriate for “what”, “how” and “why” questions in unexplored research areas, for developing and evaluating theories, formulating hypotheses or explaining particular phenomena by using theories and causal mechanisms (Vennesson 2008: 227; Creswell et al 2007). In addition to these uses, the case study approach proved particularly useful as a methodology that allows for an in-depth and longitudinal examination of the phenomenon of study within contextual conditions (Yin 2003), not least because of the significance of the context. Angola provided the perfect opportunity to take an in-depth longitudinal view of the application of locally-developed ORT reforms in the developing world. First as a country whose relations with the external world have for decades been dominated and significantly impacted by perceptions of it as a classic case of an oil kleptocracy and a poster child of the resource curse. Although the country’s international reputation has improved, its persistent low rankings in TI’s Corruption Perceptions Index (CPI) – 153 out of 177 countries in 2013 – continues to arouse wide public concern. The second reason behind the choice of Angola, as the introductory remarks show, is because this is the key case around which global demands for greater transparency in the oil industry were framed right from the onset. Additionally and contrary to the narrative of Angola as ‘anti-reformist’, Angola has itself undertaken numerous ‘homegrown’ ORT reforms since 1999, many of which go beyond the provision of information.

Angola’s significance for this doctoral research extends well beyond the policy context, to its geostrategic positioning as one of sub-Saharan Africa’s (SSA) major oil producers, third biggest economy and emerging regional hegemon. In a post-crisis era and an era of intense global competition for increasingly scarce oil resources, these elements helped position Angola as a land of foreign investment opportunities and a viable alternative to the Middle East where much of the remaining conventional oil is concentrated under the control of governments. The thesis will elaborate on the consequences of Angola’s regional and global position as it relates to its bargaining power vis-à-vis external actors and the implications for the institutionalisation of ORT.

Lastly, it is important to stress that although topical, Angola, ORT and post-conflict corruption are all still significantly under-researched (Koechlin and Calland 2010; The Carter Centre 2008; Le billion 2008). In the case of Angola, the limitations are context-specific, having to do with language barriers, limited access to the field partly due to the

27-year civil war that ended in 2002 and partly to difficulties in accessing entry visas. Another explanation constraining the evaluation of the effects of ORT policies in Angola specifically, lies in the geographical context, more specifically, in the ways and extent to which “oil’s materiality” (Weszkalnys 2013: 275) – the unique material qualities of oil, in particular, its “enclave” character and nature as a resource that is concentrated in the hands of governors – mediate the opportunities and impacts of transparency interventions ORT policies. This is an issue that has been largely overlooked in discussions of transparency in energy governance, despite resource materiality it being identified in the literature on the political economy of oil as one of the key features deterministic of the ‘curse’ of oil (forthcoming in Chapter 1; see also Van Alstine 2014). Angola is arguably the country for which this feature is the most relevant, since two thirds of its oilfields are located offshore in deepwater plays in comparison to say, Nigeria, where only one third of oilfields are located offshore (Koning 2010). This factor alone, suggested one informant, explains why Angola is such a “difficult context from which to judge the impact of transparency campaigns”². Also, the fact that it is an established oil producer – with oil exports starting in 1955 -, helps gain a much-needed insight into the effects of this phenomenon over a considerable amount of time, thereby avoiding time inconsistencies problems that are characteristic of studies on transparency’s impacts (see Gillies and Heuty 2011: 29-30).

Worth pointing out that the emphasis of the enquiry is as much on the context of adoption and implementation of ORT, as it is about the content of ORT policies. The researcher has therefore analysed multiple case studies that can help focus attention on the most salient aspects of the case (Scholz and Tietje 2002). Besides the ‘BP incident’ which had repercussions far beyond Angolan borders, the author explores the Angolan government’s interpretation of ORT through an analysis of the GoA’s publication of oil revenues, its reporting of budget documents and the Law on Administrative Probity (LAP). Specifically, besides the new Constitution enacted in 2010, the analysis of LAP was critical to the question of whether and how a ‘right to know’ is formulated, contested and institutionalised in the Angolan context and the issue of accountability (see Chapters 4 and 8). Other valuable case studies include the Stand-By-Arrangement (SBA) signed between the GoA and the International Monetary Fund (IMF) in November 2009, and Cobalt’s operations in Angola. The former is widely held as an important reform driver during the post-crisis period in Angola, though in this context its implementation provides

² Interview with a senior INGO representative, via Skype, June 2009.

a useful insight into (a) the question of IFI leverage; and (b) how international organisations (IOs) such as the IMF actually do contribute to policy norm diffusion processes in developing countries (Chapter 6). Likewise, Cobalt's activities and practices in Angola provide substantial evidence of international oil companies' (IOCs) behaviour and practice in Angola, as well as of the potential effects (positive and negative) of transnational energy governance regulatory mechanisms (Chapter 5).

As experts suggest, the demand and supply of transparency is now “multidirectional” (Gupta and Mason 2014: 5). This observation, together with the plurality and divergence of practices between and among sectoral actors involved in the framing and diffusion of ORT in Angola underscores the importance of scrutinising *agents*. This is in the sense of: (a) interrogating “how the authors and addressees of information disclosure are constituted” rather than “treating individual and groups as pre-given actors—as policymakers, scientists, civil society actors, etc” (Mason 2008: 11); (b) identifying what strategies and approaches they employ; and more importantly in the case of external agents, (c) exploring how they themselves approach and interact with the global norms they advocate. As such, the thesis will pay close attention to the involvement of non-state actors in the policy norm diffusion processes, as an alternative to the predominantly statist analyses that currently dominate in academic and policy scholarship.

The researcher employed the qualitative methods of key informant interviews, case study analysis, conference notes and participant observation at relevant events, including dozens of meetings and seminars on China, Angola, civil society, donor strategies, anti-corruption, business and human rights, governance and extractives industries transparency hosted by the Royal Institute of International Affairs (henceforth Chatham House), the European Parliament, the Universities of Oxford and Sussex, Clifford Chance and the World Bank. In most of these events (listed in Appendix 1), the Chatham House rules - that prohibit the use of speakers' identity and affiliation(s) – did not apply. Between 2008 and 2014, the researcher conducted approximately 100 semi-structured and unstructured interviews (see Appendix 2). Face-to-face interviews were conducted in Bergen, Brussels, Cambridge, Coventry, London, Luanda, Oxford, Stellenbosch and Yaoundé; others were conducted over the telephone and via Skype. In terms of the composition of research participants, they included Angolan and non-Angolan company executives, human rights and extractive industry transparency

activists, journalists, academics, think tank analysts, trade unionists, lawyers, investors, opposition and religious leaders, diplomats, and ministers.

Many of these respondents had been involved and/or remained engaged in the fight for greater transparency, human rights and governance at the national and global level. Among them some spoke on condition of anonymity, while others specifically gave their permission for their identity and affiliations to be disclosed. However, the researcher believed that the sensitivity of the topic and issues discussed could jeopardise interviewees' safety, and therefore decided to withhold all individuals' identity while revealing their affiliations whenever permitted and especially when relevant to the subject matter.

The content of interviews was divided according to the sectoral differences. The author entered the field concerned that there had been insufficient attention to the outcomes of ORT policies in postwar Angola considering its pivotal role in the setting up of the agenda. At the time, all that was available on the topic was a 2004 report by Human Rights Watch (HRW) and a few media briefings and articles by various other sources, including GW. The questions then were: Did it mean that the GoA had become fully transparent? If not, what explained this waning interest in Angola? And what had the global ORT campaign achieved on the ground? Why was there no PWYP national coalition in Angola? And why was the government not an EITI member? These are some of the questions that guided interviews with civil society representatives, in addition to those that concentrated on the government's developmental agenda, the nature of politics, state-citizen relations and state-companies-IFIs relations. Interviews with company representatives for the most part dealt with their understandings of society's expectations of their responsibility, besides the challenges and dilemmas they face when operating in so-called "zones of weak governance" like Angola. And conversations with IFI officials were essentially revolving around their role and contribution to the ORT agenda and its implementation in Angola and beyond.

It should be clear by now that process tracing formed a significant part of the strategy that was employed. In other words, the focus was not solely on what happened but on how and on the perceptions of respondents, their purposes, goals, values and

specification to the situation that faced them (Vennesson 2008: 233)³. The same approach was used in the analysis of the secondary data drawn from textbooks; journal articles; companies, IFIs, governments and civil society reports and documents; and media briefings.

As far as access to these participants is concerned, it is worth noting that field visits to Luanda and Yaoundé in August 2010 were facilitated by two domestic NGOs: the *Acção para o Desenvolvimento Rural e Ambiente* (ADRA) in Luanda and the *Réseau de Lutte contre la Faim au Cameroun* (RELUFA) in Yaoundé. The PWYP website was also quite useful at the beginning of the project, since it contained a small list of organisations and individuals that were listed as “members” of the coalition, even though by the time of the researcher’s visit several of these organisations were closed, and many of the informants on the list were working either as public servants, or as employees of oil companies and oil service companies. Moreover, the researcher found “snowball sampling”⁴ to be a helpful and practical method of reaching participants within and beyond the oil industry. This type of respondent-driven sampling automatically brings to bear a bias in the selection of the population chosen, which could not be avoided considering the sensitivity of the topic and the fact that the ORT/anti-corruption industry is still a relatively small and closed industry, but still were tackled by using a combination of primary and secondary sources of data.

One obstacle the author encountered was the language barrier. As a non-Portuguese, she had to rely on imperfect online translation tools and a professional translator for specific legal and more formal documents. The same goes for other materials in Norwegian. That notwithstanding, language barriers were less of an issue whilst in Angola, since interviews were conducted in French and English, two languages that the author speaks fluently. Understandably, the author’s identity as a black African woman with very little knowledge of the economics of the oil industry sometimes proved to be an impediment to fruitful interactions with representatives from IFI, GCS and the oil industry. Her experience of the oil industry – which remains a complex, closed, male-dominated industry - certainly compares negatively to that of some white male scholars, including

³ Vennesson (2008: 231 citing George and Bennett 2005: 176) defines ‘process tracing’ as “a procedure for identifying steps in a causal process leading to the outcome of a given dependent variable of a particular case in a particular historical context.”

⁴ Put simply, “snowball sampling” is defined as “a technique for finding research subjects. One subject gives the researcher the name of another subject, who in turn provides the name of a third, and so on” (Atkinson and Flint 2001 citing Vogt, 1999).

one who suggested that “anyone of the right race and gender who presents themselves in the field in the right manner can expect to be treated with all the privileges enjoyed by expatriates” (Ovadia 2013a: 71). At times, however, this identity seemed to facilitate frank and honest conversations with many Angolan and African interlocutors, who were more open and even more welcoming than expected.

When handling the research data, a high degree of confidentiality was ensured in a way that protects the confidentiality of the respondents and affiliated institutions in some occasions, though some details may be recognised by those acquainted to the topic/individual/organisation. This research was approved by Coventry University’s Research Ethics Committee in 2009.

STRUCTURE OF THE THESIS

Having established the dissertation’s emphasis on content, agents, context and process-tracing, it suffices here to outline how it is organised. The thesis begins with an assessment of ORT’s end goals in Chapters 1 and 2. Chapter 1 traces the origins of the global ORT norm to the need to bring about development to a region thought to be cursed by oil, and in doing so, deconstructs the concepts of “state failure” and “resource curse” that incited global demands for the regulation of the African oil industry. These two heuristic and deterministic terms that predict negative outcomes of oil extraction have since been challenged by recent economic growth in SSA, thereby reviving and revitalising the public discourse on the “developmental state” and what it might mean for the sub-continent. Even then, the chapter will argue, the lack of clarity of this purpose means that there is no consensus on the direction of travel.

Chapter 2 will highlight attempts by external actors to frame their responses around the oft-cited norms of “human rights”, “corporate social responsibility” and “good governance”, and concerns over “energy security”. It also revisits the shape and record, wherever available, of the ORT initiatives cited above, namely, PWYP, EITI, Dodd-Frank 1504 and the EU Rules.

After the exploration of the normative and political drivers behind the adoption and implementation of ORT in developing countries, the thesis will then turn its attention to

applying these concepts, theories and critique to the Angolan context. Chapter 3 shows the civil war to be the main determining factor of Angola's contemporary political economy alongside elites' control of the country's resources through Sonangol and to a lesser extent, the ruling party, the *Movimento Popular de Libertação de Angola* (MPLA). Yet none of the preceding factors prevented the GoA to embrace the reform agenda albeit, some would say, belatedly. In effect, Chapter 4 makes clear that a number of reform components undertaken in the post-war era took roots during wartime, hence, whilst the government was under intense pressure. The objective of this chapter, therefore, would be to make sense of the content of this reform agenda as well as the context under which it emerged and was implemented, in order to qualify Angola's type of transparency. This will include an analysis of domestic and international perceptions of the information released, that is, its availability, accessibility, completeness and usefulness.

Chapter 4 will impart on scholars of transparency in energy governance the necessity to move from the "reformist versus non-reformist" conundrum, to consider why public institutions like NOCs actually do undertake reforms; a point that is taken on in Chapter 8. Secondly, Chapter 4 will raise questions around the ability of Angola's ORT model to address the problem of oil-sector corruption. Not least because, as Chapter 5 demonstrates, the emphasis on ORT has had the unintended outcome of opening up further more sophisticated and "invisible" opportunities for corruption and private wealth accumulation in the oil sector. One of the big highlights of the chapter is the partnership between Cobalt International Energy ('Cobalt') and Nazaki Oil and gas ('Nazaki') that will be known as the 'Cobalt-Nazaki case'. This case, it is argued herein, has serious implications for the companies involved and for the regulation of the global and domestic oil industry.

Crucially, the examples detailed in Chapter 5 will provide evidence of the contribution of IOCs to the prevalence of corruption. But should that be interpreted as complicity on their part, or as scholars and activists accused, as complicity on the part of IFIs, oil companies and perhaps INGOs who pushed through this agenda? This is a matter for Chapters 6 to 8 to evaluate. In particular, the chapters examine the indirect and informal ways and methods through which these actors influence transparency policies. They will highlight the diversity of responses of different companies, IFIs, governments and global civil society (GCS) organisations and attempt to explain this variation. One of the main

findings is that these actors, IFIs and INGOs in particular, have been limited in their efforts to bring about reforms by factors internal to them, most notably by legitimacy shortfalls.

Whereas the previous chapter will look into the role and contribution of external actors, Chapters 9 and 10 critically examine key features of the policy diffusion process at the national level, the actors involved in helping move this agenda forward, the strategies they employ and how they use them to bring about change. Chapter 9 returns to the “reformist versus non-reformist” rhetoric to detail issues that may work against international efforts to build institutions, including the primacy of informal and highly personalised relationships in the ORT reform process in Angola. Moreover, the chapter looks deeper into the apparent paradox between the emerging commitment to reform the oil sector on the one hand, and the prevalence of corruption on the other. It ascertains that while some reasons for this paradox may be political, there may be real capacity challenges too. In that sense, the chapter reinforces the need to focus on relationships, governance structures, incentives and interests, rather than on institutions.

The main object of investigation in Chapter 10 will be Angolan CSOs’ contribution to the diffusion of ORT, through critical reflections on the input of its chief norm promoter, the Catholic Church. As it uncovers, the Church too has suffered from legitimacy challenges. In fact, the gap left by this and other domestic and international CSOs has since been surprisingly but progressively filled by other new “norm proponents” (Acharya 2010) who have for some time now been taking on the task of making claims for citizens’ rights and greater public accountability, albeit outside the oil industry. As it will be suggested eventually, the purpose for showcasing these day-to-day struggles for greater transparency and public accountability will be to draw attention to the main differences between homegrown initiatives which emphasise bottom-up approaches and current externally-imposed governance reform initiatives which favour top-down strategies. Reflections emanating from this analysis are forthcoming in the concluding chapter. This closing chapter will propose some answers to the original questions, suggesting ways in which to understand the practice of ORT in Angola, and possibly the broader lessons emerging for the campaign for greater ORT in Africa and the global South more generally.

CHAPTER 1

OIL, GOVERNANCE AND DEVELOPMENT IN AFRICA

“Underlying the litany of Africa’s development problems is a crisis of governance.”

World Bank (1989)

“Stop! Wait! Government’s no longer the problem – it’s the solution.”

Wade (2010)

Assuming that sustainable economic development is the ultimate goal of transparency, what, then, does one understand by ‘economic development’ in a context of limited statehood such as the one that is prevalent in sub-Saharan Africa? This question is central to contentious debates on the role of the state in steering development, and that of natural resources, oil in particular, in assisting in that task. These debates tend to be influenced by unfair comparisons between Africa and other regions of the developing world. Over time, they generated official talk of ‘state failure’ and ‘resource curse’; two heuristic concepts that refer to the paradoxes that prevent African “petro-states” (Karl 1997) from reaching their developmental potential. These two concepts do not only reflect the particular worldview of those actors who frame it. More importantly, they inform policies that at times, seem to be more about furthering outsiders’ agendas and meeting their expectations, and less about catering or accounting for the realities and capacities of African states themselves.

Still, that this discourse gained traction in and steered development policy does not necessarily mean that there is an absolute consensus over what the problem is, or how to solve it. If anything, they have over the years instigated widespread criticisms. One such critique centres on their “faulty diagnosis and prognosis” (Olowu 1999: 1). Another revolves around their “impossibility thesis” with scholars arguing that African states are capable of and committed to aiding development (see for example, Meyns and Musamba 2010); that such “developmental” states existed in the continent (Mkandawire 2001); and more important to this research, that the world might just be witnessing the

emergence of African “petro-developmental” states (Ovadia 2013a) - meaning those states that are increasingly using petroleum revenues to accelerate development.

This first chapter delves further into this theoretical debate. This and the following two chapters are crucial for understanding and explaining the normative and political context of ORT adoption in postwar Angola. They provide the space for a re-assessment of the main governance challenges affecting African and other petro-states that led to calls for greater ORT, while simultaneously illuminating on some of the conditions that may facilitate or inhibit the effective institutionalisation of ORT in Angola and arguably other developing countries. As Mitchell (2011: 1883) suggests, examining these conditions is crucial, for, they “not only influence whether transparency policies are adopted but, by influencing the goals and shape of policies that are adopted, also have an impact on whether those policies are effective.”

That said, the chapter focuses less on “why oil-rich African countries [are] still so poor” (Yates 2012: 2; emphasis added) or whether development is at all possible in these states. Rather, taking Angola as a case in point, it simply rests content on introducing the reader to global and local discourses around Africa’s governance and development challenges, first by critiquing state failure narratives before moving onto an analysis of the expectations of ‘petro-developmental’ states in Africa, drawing from the literature on the developmental state. Discontent with existing institutional arrangements around oil transparency as the key to tackle oil governance challenges is one motivation for this “shift in the angle of vision” (Moorman 2008: 58).

STATE FAILURE NARRATIVES

Most attempts at conceptualising state failure take the role of the modern state as their point of departure. David Sogge frames the debate around two main questions: “Should states exist chiefly to ensure better life chances for all citizens? Or are their tasks mainly to promote globalisation’s winners and police its losers?” (Sogge 2011: 2-3). Two predominant narratives have emerged, each one yielding a different answer to the question. The first narrative considers the role of the state in relation to society. According to this vision, the ideal/typical modern state exists mainly to provide public goods to its citizenry, and protect its territory and population against external aggression. State failure therefore occurs when states are proved wanting in their authority, their

capacity to effectively deliver basic public goods and their domestic legitimacy⁵. In this instance, two features define a failed state: the prevalence of violence and neo-patrimonialism. Typically, the basic argument is that nations fail because “they are consumed by internal violence and cease delivering political goods to their inhabitants. Their governments lose credibility, and the very nature of the particular nation-state itself becomes questionable and illegitimate in the hearts and minds of its citizens” (Rotberg 2004: 1). Violence, here, can take many forms - including civil unrest or warfare, regime or ruling class oppression, extortion and harassment of the majority of citizens (Rotberg 2002) - but the blame lies squarely at the leadership. As Rotberg frames it, state failure is “man-made, not merely accidental nor – fundamentally – caused by geographically, environmentally or externally”. In other words, “Leadership and leadership failures have destroyed states and continue to weaken the fragile polities that operate on the cusp of failure” (Rotberg 2002: 93). What also matters for this conception of violence is that it is not defined by its absolute intensity, but rather, by its “enduring character” as in Angola, Burundi and Sudan; its “direction” against an existing government or regime, and its “vigorous character of the political or geographical demands for shared power or autonomy that rationalise or justify that violence that identifies a failed state” (ibid: 85-86).

Neo-patrimonialism, the other “convenient, all-purpose, and ubiquitous moniker for African governance”, is a term encompassing a wide range of sub-concepts – clientelism, ethnicity, tradition, tribalism, nepotism, various forms of rent-seeking and prebendalism (Mkandawire 2013: 5-6; Amundsen 2001: 44). Van de Walle (2007: 1-2) describes it as having three main components: (1) presidentialism, “in which both formal and informal rules place one man – usually the president – largely above the law and not subject to the checks and balances that democratic executives face in mature democracies”; (2) systematic clientelism used by the president and his followers to maintain the status quo and ensure political stability; and (3) a reliance on state resources to fund this clientelist logic. Besides violence, proponents advance that it is this form of organisation in which public officials hold positions and exercise them as a

⁵ Carment and Samy (2011: 4) define “authority” as “the ability of the state to enact binding legislation over its population and to provide the latter with a stable and safe environment”; “capacity” as “the power of the state to mobilise public resources for productive uses”; and “legitimacy” as “the ability of the state to command public loyalty to the governing regime and generate domestic support for government legislation and policies”.

form of “private property” (Mkandawire 2013: 6) that prevented capitalist accumulation and threatened the ambitions of socialism in Africa.

Whereas this first narrative on state failure paved the way for the African post-colonial state to be sidelined in the developmental project, the key premise of the second, neoliberal narrative has been that the state matters for development, except that its role is merely to facilitate the existence and well-being of “a world economy and a world society” (Strange 1995: 70). Based on an understanding of state functions developed by scholars of the interdependence school, the argument is that the increased complex interdependence characterising contemporary international politics is such that state actions can no longer be understood as “a set of discrete, isolated acts”. Rather, they should be seen as enabling a much larger “pattern of cooperation” and a “harmony” of interests that should facilitate the attainment of others’ goals (Krasner 1984: 51-52, 56). Seen through this prism, a state’s ‘success’ is evident in its ability to provide the ‘right’ institutional environment for liberal, market-led development that would presumably include “a set of institutions, policies and even social attitudes often called ‘good governance’” (Hameiri 2011). Its ‘failure’, meanwhile, would be signalled by its inability to take full advantage of the opportunities made available by globalisation, for example by failing to make its business environment more attractive to private sector investment (ibid). This perspective was laid out in a World Bank’s 1992 study, which argued for “a clearly articulated mining sector policy that emphasises the role of the private sector as *owner* and *operator* and of government as *regulator* and *promoter*” (World Bank 1992: 53, cited in Campbell 2009: 245; italics in the original). Indeed, this stance differed from the “one-dimensional, universal logic of neoclassical development theory, with its emphasis on a specific set of appropriate policies, designed to establish a free market, regardless of the historical, institutional and policy context” (Öniş 1991: 125).

Around the same period that perceptions of the state were changing, towards the early 1990s, theorists established that the ‘resource curse’ or ‘paradox of plenty’ (Karl 1997) was one of the most influential explanations as to why postcolonial African states endowed with natural resources failed to perform as well as their counterparts elsewhere (Di John 2011: 4). This complex and multidimensional phenomenon helps explain why countries endowed with natural resources are likely to grow more slowly than non-resource-rich countries, and why they may have weaker democratic institutions, may experience higher levels of corruption and civil war (see, among others, Auty 1993;

Sachs and Warner 1995; Gary and Karl 2003; Ross 2001; Leite and Weidmann 1999; Collier and Hoeffler 1998).

The 'curse' occurs through three main mechanisms. The first relates to macro-economic instability associated with the fluctuation of international oil prices. This volatility is deemed detrimental to the quality and long-term planning of economic policy precisely because of the cyclical variability in revenues and spending - "boom and bust" cycles - usually associated with it, as well as debt crises (Humphreys et al 2007: 8). Second is the "Dutch Disease", which makes reference to the negative impact of revenues from natural gas in the Netherlands following its discovery in the country's jurisdiction in the North Sea in the late 1950s and early 1960s (Gyfalsón 2001: 2). There are numerous explanations as to how the "disease" is caught (see Stevens 2003: 11-13). But broadly speaking, this is linked to the negative impacts of a country's dependency on large exports of natural resources on the domestic economy, including the appreciation of the value of the national currency; increased inflation and the resulting loss of exports competitiveness; lack or decrease of foreign direct investment; import booms and depreciation or contraction of domestic industries, particularly from the non-extractive sectors such as the agricultural sector or the manufacturing sector as in the Dutch case (Fardmanesh 1991: 712-23; Humphreys et al supra: 5-6). In some cases, large natural resources exports create a "resource pull" effect whereby domestic resources such as labour and materials are drawn out of other sectors to boost the extractive sector, pushing up demand for higher wages.

Third is the 'rentier state'. This concept emanates from early studies by a group of scholars who sought to understand, among other things, the interaction between state and economy, and the extent to which this interaction influences developmental outcomes in oil-producing Arab countries (Mahdavy 1970; Beblawi and Luciani 1987). Mahdavy (1970: 428) defined 'rentier states' as "those countries that receive on a regular basis substantial amount of external rents". Later, Beblawi (1987: 49-62) broadened this definition within the framework of "rentier economy", denoting states whose economy depends on external rents controlled by a small elite. Specifically in the case of oil, oil wealth creates a "rentier effect" (Ross 2001: 332-35; Moore 2004: 307) and "rentier mentality" that "embodies a break in the work-reward causation" (Beblawi 1987: 52). That is to say, that it frees the state from relying on taxation from citizens who would otherwise be increasing their demands for greater accountability and would have

influenced their engagement into politics; leads to spending on patronage rather than on encouraging private investment, production and economic growth (Karl 1997: 16); and creates opportunities for state elites to reconfigure the structure of society by preventing “the formation of social groups that are independent from the state and hence that may be inclined to demand political rights” (Ross 2001: 335).

Overall, whilst oil generates the possibility of a developmental impetus, and set African petro-states free from many of the constraints that other developing countries face, it often offsets these benefits by encouraging the boom-and-bust pattern, debt, clientelism, and the impossible demands made upon oil states by claimants to the ‘national cake’ (Soares de Oliveira 2007a: 39). With the elite so enmeshed in their rational pursuit of self-interests goals, state institutions weaken, thereby paralysing decision-making, and exposing the state further to international market shocks, budget constraints and a tendency to over borrow (Ross 1999: 320). As the nasty cycle of corruption, patronage, lack of accountability and weak institutions persist, a corollary is the emergence of political instability that serves as yet another vehicle for accumulation.

Indeed, resource curse theorists have argued that natural resources increase the risk of civil war and play a key role in prolonging and financing such conflicts (Collier and Hoeffler 1998: 571; Ross 2004). This debate on oil and conflict was elicited in response to the “greed versus grievance” thesis that studied the motives for conflicts, and owes its popularity to Paul Collier, its lead thinker but also former director of the development research group at the World Bank which itself has great leverage in the developing world (Marchal and Messiant 2003: 58). The influential thesis stipulates that civil wars are more likely to be caused by insurgency groups driven by the desire to control high-value resources that are ‘lootable’ – resources that can be easily extracted and transported - than by their grievances (Collier and Hoeffler 1998; Bannon and Collier 2003). In fact, understanding the grievances of rebels is less important than understanding their sources of finance when explaining the link between natural resources and civil war (Collier and Hoeffler 2002: 1). Collier (2007: 31-32) confirms this view when talking about oil insurgencies in Nigeria, wherein he says, “grievance has evolved, over the course of a decade, into greed”.

Other studies however found that the geographical location of natural resources, their market characteristics and specific mode of exploitation/governance – including whether

they are operated in an “enclaved” manner (Ferguson 2005: 378) - are all determinative of the extent to which these resources might be lootable so as to create particular types of conflict. For instance, “point-source” resources such as oil that are geographically concentrated in small areas and easily controlled by the government are likely to generate coups d’états or secession movements, unlike “diffuse” resources that are more widely spread and likely to engender rebellions and “warlordism” (Le Billon 2003, 2005).

These theorisations of the state have led to misunderstandings about the nature of the African state as we will show below in the case of Angola below, and oftentimes disputed its very existence. Whilst efforts were made to broaden and refine this conceptualisation of the state, they still did not stop the African state from becoming “the most demonised social institution in Africa” for “its weaknesses, its over-extension, its interference with the smooth functioning of markets, its repressive character, its dependence on foreign powers, its ubiquity, its absence, etc.” (Mkandawire 2001: 293). One of its major flaws lies in its failure to account for the possibility of spatial and historical variations across state capacities. Consider the use of the term “civil war” – defined as an internal violent conflict between a rebel organisation and a presumed, pre-existing ‘state’ – which seems to cause more semantic confusion and conflict (Kalyvas 2007: 416), than it describes the situation under observation.

As it will be shown in Chapter 3, the specific “direction” of civil war that Rotberg describes does not always apply. Actually, when going beyond the legality of these concepts, a closer look back at the Angola civil war reveals that the two main opposing ‘movements’ were actually similar in more ways than one. As one interviewee pointed out, the origins of the two movements are against Portuguese colonialism, and in fact, the ruling party never had full control over the entire Angolan territory. What is more, it can be disputed whether greed was ever the primary motive of UNITA considered by most accounts as the main ‘rebel group’. The fact is not only that UNITA started to finance itself with illicit diamond sales twenty years after the civil war began; but more so, that it agreed to a ceasefire roughly two months after the death of Jonas Savimbi, its leader, even though U.N. investigators estimated that UNITA was still able to earn as much as US\$1 million per day from illicit diamond sales (Ganesan and Vines 2004).

A second issue that arises from state failure discourses is one of measurements and variations. Here, the main concerns lie on the appropriateness of economic growth as the chief measure of economic performance (Rosser 2006; Lahiridutt 2006); as well as on the use of “multiple regressions, statistical studies that draw broad-brush causal conclusions based on what could be mere spurious correlations”, suggesting indeed, that “any number of alternative explanations (missing variables for example), other than natural resource abundance, could explain the outcomes” (UNRISD 2007: 12).

Third, it is debatable whether many of the outcomes predicted by the scholarly literature actually occur, in all or some countries. In the case of the Dutch Disease, differing patterns in Africa lead to the conclusion that African oil producers do not fit this model. As an example, manufacturing swelled in Nigeria during the 1970s oil boom owing to high investments by successive governments; whereas in Angola, the decline of the agricultural sector and the contraction of the economy had less to with the sort of “commodity-determinism” (Watts 2004; Obi 2012: 2) that characterises analyses of the political-economic impacts of oil than with the civil war (Soares de Oliveira 2007a: 75; Hodges 2004: 105-06). And in none of these two countries has non-oil growth been crowded out (Heller 2007). In Angola, the non-oil sector contribution to GDP increased from 43 to 57 per cent between 2008 and 2010 (Vines and Weimer 2011: 8). One interviewee gave another concrete example that proves, as he asserted, that “oil wealth is not the real problem”. And that is the fact that one should see “the benefit of oil wealth more moderated [in Angola] than in Nigeria because Nigeria has so many more people”, while Angola has so much oil wealth and approximately only 14 million of people.⁶

A third note on this point is that it is unclear whether oil wealth hinders democratisation. In contrast, a growing body of evidence shows that transitions to democracy can occur both in spite and because of oil wealth, in Africa and beyond (Dunning 2008; Ross, 2012; Grugel and Nem Singh 2013; Butcher 2014). Put simply, “petroleum does not *inevitably* block democratic freedoms” (Ross 2012, p. 63; emphasis in the original). Rather, the relationship between oil wealth and democracy is increasingly mediated by “political and institutional variables, including class conflicts, social mobilisations and struggles on claims-making” (Grugel and Nem Singh 2013: 62). In particular, these authors note that “commodity booms and democratisation are dynamic politico-economic

⁶ Interview with a Western human rights advocate, 7 June 2011; emphasis added.

processes that serve as political opportunities for social groups to mobilise around rights-based frames” (ibid).

By far the biggest contention in state failure narratives relates to the misunderstood role of endogenous and exogenous forces and factors. Like most narratives on Africa, they locate sources of failure within the state itself, that is, with greedy/corrupt elites and with the domestic political system. Soares de Oliveira (2007a: 156) notes that it is indeed predatory rule by African elites that is the key explanatory factor of decay. He is in fact very critical of the “deterministic line of argument” of dependency theorists, for failing to appreciate that elites’ agendas could “possibly surpass the structural constraints it identified, and consequently denied the possibility of change” (ibid: 310). The author considers this is a major fault for, “though the dependent relationship is “unequal” in theory, any careful analyst of the last thirty years of oil politics in the Gulf of Guinea knows that the view of local politics as remote-controlled by foreign interests is nonsense.”

Others believe that this depiction is not only “oblivion to the colonial point of departure” (Pureza et al 2007: 3; Acemoglu et al 2001; Rodney 1997), but also underestimates the “enormous importance to African economies of external conjuncture and the role of foreign expertise” (Mkandawire 2001: 303-5) in the proliferation of tasks and the hijacking of key state functions that combined to create “maladjusted” states (Mkandawire 2001: 306-09; Mkandawire 2010: 62-64). Indeed, the literature is replete with cases of African states being “pushed” to the brink of failure or collapse (Sogge 2011) by the Cold war and its demise, aid dependence, policies promoting the “responsible state” model, as well as those institutionalising the donor-sponsored neoliberal agenda that took the form of structural adjustment programmes (SAPs) in Africa (Brautigam 2000; Woodward 2004: 2).

To take one example, the neoliberal project is said to have had a mixed record in Africa, including in countries like Angola that undertook only “partial” adjustments (Roque 1996). It dramatically undermined, and in some cases reversed, the developmental advances of several states (Adamolekun 2005; Mkandawire 2009; Nielsen et al 2010), thereby provoking or exacerbating debt and political crises with consequential effects on human life and dignity. Interestingly, in resources-rich countries, the civil wars and strife

that followed or tracked along the implementation of these neoliberal policies did not inhibit natural resources exploitation (Ferguson 2005: 379). On the contrary, in conjunction with the significant retreat of public actors from involvement in key areas of mineral resource extraction (Campbell 2009: 246-47), this “noxious cocktail of commerce and violence” led to an increasing acceptance of the idea that effective and intensive mineral production in separately administered enclaves can exist alongside endemic violence (Ferguson *supra*). This context benefited both petro-elites who were adept at maximising opportunities on the state of confusion, uncertainty and chaos; and extractive sector companies and private security companies such as Executive Outcomes (EO) in Angola. Yet, there remained very little visibility of these actors in resource politics analyses (Watts 2004), at least until recently when they began to occupy a central place in relatively new investigations on historical scandals like the Angolan-Russian debt scandal whose details are provided in Chapter 3 (Corruption Watch and Associação Mãos Livres 2013; Klieman 2012).

The implication of state-centred approaches to the resource curse for the reform agenda appears quite simple: it is what African elites – chiefly the presidents and the people around them - do that is the most important factor to concentrate on when tackling resource governance challenges. That is because, as one analyst claims, “leaders are the only ones who can initiate the reforms, but also they are the leading cause of bubbles in the implementation because they themselves tend to undermine the implementation of the reforms mostly so that they can continue to have discretionary control over who gets what.”⁷ Yet surely, this does not equate to saying that African agency has escaped old structural constraints; neither does it suggest that African leaders are only preoccupied by immediate material gains. Quite the opposite, African agency remains compromised by both external involvement and the limits to state capacity (Haman and Hurt 2009: 11). Moreover, Corkin (2013: 5) rejects the vision of state actors as “passive and inconsequential” in their interaction with the international system and sees African elites drawing positive possibilities for change from their international partners such as China in the Angolan case.

Most significantly perhaps, the popular uprisings spreading across some of the world’s major oil producers since January 2011 made clear what the consequences are when social actors are excluded from the debate on natural resources management. So far in

⁷ Interview with Western analyst, Cambridge, 1 March 2010.

the literature, discussions of their contribution to governance and development processes have been either completely inexistent (see Humphreys et al 2007), or whenever existent as in studies on the political ecology paradigm, they carry a negative connotation. To illustrate, Omeje (2007: 46-47) writes of the minority ethnic communities of the oil-bearing Niger Delta region that from being “part low-stakes clients and partisans” prior to the mid-1990s, they have since then “assertively established themselves as stakeholders in the accumulation process” by waging “a formidable struggle of unrelenting violent protests, including oil theft, pipeline sabotage, and kidnappings” (Ibid: 47).

Angola itself is portrayed as a “state without citizens” (APPG 2006), or a state in which the idea of ‘civil society’ is “fictitious” (Schiefer 2006) presumably because like elsewhere in the continent, whatever ‘civil society’ there exists is immersed in neo-patrimonial politics (see Messiant 2007: 113-15) and therefore, incapable of being an agent of positive change in the development process. Yet, as Okruhlik (1999) pointed out, just because citizens do not have to make financial sacrifices to fund their governments does not mean that they have no interest in how their governments use state resources, nor that they are unwilling to engage in collective action to influence spending or other decisions. In line with this argument, this thesis will also demonstrate that a context of prevalent corruption and lack of accountability does not preclude a positive contribution of these actors to the public discourse about oil governance and the expansion of the democratic space, even where this is least expected.

In conclusion, one can argue that the ‘problem’ in twentieth century African states was not so much that the development project failed, as that “it never got started in the first place” (Ake 1996: 18). And even when it got started, the developmental process could not be sustained in these states in part because they were too weak to mobilise forces; unable to fend off foreign aggression and intervention, to attract enough foreign capital necessary to continue with the development project; and worse still, prone to state ‘capture’ by private vested interests (Fritz and Menocal 2006: 10-13; Amsden 1992: 12; Mkandawire 2001, 2010).

It is incredible how perspectives on the developing world are fast changing. Critics are increasingly calling for the ‘failed state’ concept to be abandoned. In their view, it is too vague, difficult to measure, meaningless, and so, should be dropped (Gruffydd Jones

2013; Hameiri 2011; Pureza et al 2007; Sogge 2011). Further, a consensus is emerging that “it is not just the presence of natural resources that leads to the resource curse”, but, “the governance structures and institutions around the extraction, processing and management of the generated revenues that determine whether natural resources will be a blessing or a curse” (Obi 2012: 2, citing Alao 2007). In that sense, therefore, the pathologies associated with the so-called resource curse are due “as much to the nature of the international oil regime - meaning the institutions shaped by multinational oil companies, their home governments, and foreign lenders - as it is to the structures of states and private actors in oil- exporting countries” (Karl 2007: 257).

After decades of putting the spotlight on Africa’s civil wars, poverty rates, leadership failures, and experiences of floods, droughts, diseases, Western media and institutions which have come to define narratives of Africa’s development now widely speak of a positive outlook. Decades of Afro-pessimism and narratives of state failure are now being replaced by an Afro-optimist, “Africa rising” narrative. In the policy environment, even IFIs traditionally hostile to the idea of a state expanding role in development, have shown more flexibility in their design and application of policy instruments in the developing world, especially after the 2008-9 global economic and financial crisis (Wade 2010). This paradigm shift urges one to re-consider the following question: If African states can collapse because they can no longer perform the functions required of them to pass as states (Zartman 1995: 5), how and to what extent, can they be “redesigned” so as to bring about development (Rose-Ackerman 1996)? What and whose developmental model is to be followed, and who decides? These questions are inextricably linked to the question of how to measure development, and above all, to the resurgence of the developmental state agenda in Africa.

THINKING ABOUT ‘PETRO-DEVELOPMENTAL’ STATES IN AFRICA

As mentioned in the chapter’s introductory remarks, one recurrent trend is to have Africa’s developmental performance compared to that of other regions in the developing world, most notably, East Asia. In a debate recently organised by *The Economist*, one commentator appeared to suggest that rather than placing an inordinate focus on poverty reduction, industrialisation should be the common measure of successful development; one that would show that in reality, “Africa is far from being another

economic powerhouse like East Asia” (Rowden 2013 in *Economist* 2013). Considering these common references, and mindful of the lack of understanding about why success happens (Leftwich 2009), the author will revisit the “East Asian model” as a starting point for the analysis on the expectations placed on the 21st century developmental states in Africa, even more so considering that “learning about historical experiences of others and thinking creatively about how to take advantage of apparent lessons is a start” when attempting to reconstruct ‘developmental states’ (Evans 2010: 38).

Learning from the 20th Century East Asian ‘Developmental State’

Much is made of the experiences of East Asia; in effect, such has been the dominance of East Asia in the literature that Weiss (2000:23) commented that “the term developmental state is [so] loosely applied that it has become virtually synonymous with the state in East Asia”. Between the late 1960s and mid-1990s, whereas the vast majority of African ‘predatory’ states struggled with political and economic instability, their East Asian counterparts were undergoing rapid and radical change, moving from being poor agrarian states to being highly industrialised states, with extraordinary rates of growth. Early interpretations of this economic ‘miracle’ put an emphasis on the role of market forces and market-driven developmental policies, in contrast to the state/market dichotomy which many African states found themselves trapped in (Mkandawire 2001: 292; Ake 1996: 18). Revisionist works have since underlined the existence of parallel patterns and elements, among which four were crucial: the ‘developmentalist’ ideology; ‘successful’, sustained and selective state interventions; a meritocracy-based bureaucracy; and state capacity (Johnson 1975, 1982, 1999; Amsden 1992; Evans 1995; Leftwich 2000; Chang 2002, 2003).

A quick review of these scholarly works reveals that the main priority of the political and administrative elite of the newly industrialised economies of East Asia was to promote economic development. ‘Development’ or ‘developmentalism’ was conceived not only as high rates of accumulation and rapid industrialisation as Rowden underlined, but also “growth with equity” (Musamba 2010: 25; Evans 2008: 14). It was accompanied by a favourable pattern of income equality, low levels of unemployment, improvements in infant mortality, life expectancy, educational achievements and other indicators of human development (Chang 2006; Deyo 1987). There were variations, to be sure. Jeon (1995) identified a “growth-obsessed” pattern in South Korea; a “growth-with-stability”

model in Singapore; and an “equity-and-stability-based growth” model in Taiwan. Irrespective of these variations, however, legitimization of a political regime resulted from its performance, rather than from the way in which it came into power (Johnson 1999: 53).

To achieve high economic growth and productivity, East Asian governments pursued a two-pronged strategy: (a) a combination of market-friendly strategies and subsidies to stimulate economic growth in exchange for performance standards on private firms (Amsden 1992: 8); and (b) direct investment in the areas of skills acquisition, technological progress, and financial and labour markets (UNCTAD 2007: 58). Success, therefore, relied heavily on the close relationship and interaction between politicians, bureaucrats and “agents of expansion” of the industrialisation process, that is, large diversified business groups in South Korea or large public enterprises in Taiwan (Amsden 2004: 8-9; Weiss 2000: 23; Wade 2004, 2010). The exposure of many of the region’s industries to international competition of their foreign markets was another important driver of this success (Wade 2004).

In these Asian ‘late industrialisers’, state interventions and developmentalist ideological underpinnings were driven and supported by an ‘autonomous’ state bureaucracy that was “embedded in a concrete set of social ties that binds the state to society and provides institutionalised channels for the continual negotiation and renegotiation of goals and policies” (Evans 1995: 12; Mkandawire 2001: 290). This was a Weberian-type of meritocratic, relatively small and inexpensive bureaucracy within which an independent “pilot agency”⁸ had the monopoly over the planning of, and was capable of delivering industrial policy (Öniş 1991: 112).

Öniş (1991: 114) made the point that the aforementioned “unusual” degrees of bureaucratic autonomy and public-private cooperation did not lead to the sort of “self-maximising” forms of behaviour, or oligopolistic struggles for advantage so common in other contexts (see also Kohli 2004; Wade 2010). But this argument quickly became redundant with the advent of the 1998-99 Asian financial crises, which numerous advocates of neoliberalism, including the IMF, blamed on state-centred elements of the

⁸ These included the Ministry of International Trade and Industry (MITI) in Japan, or Taiwan’s Economic Planning Council & its Industrial Development Bureau, South Korea’s Economic Planning Board and Singapore’s Economic Development Board.

East Asian model, especially corruption and cronyism. This called into question the existence of a 'developmental state' model that could act as a viable alternative to neoliberalism, although a small number of advocates, including Weiss (2000 cited in Musumba 2010: 28), insisted that developmental states are here to stay, except that in order to survive, they would have to continually adapt and innovate in order to fit in, and survive, the new global economic order.

The other dynamic that added some degree of complexity to the debate is the juxtaposition of economic development, authoritarian politics and exclusionary model of social representation. Öniş (1992: 115) recalled the contribution of "certain elements" within civil society, but it is largely understood that coalitions of entrepreneurs and state elites were contributing to the creation of developmental institutions, whilst social groups were "peripheral, if not threatening to this exclusive state-society partnership" (Evans 2008: 7). One conclusion drawn from this characteristic was that the project of constructing developmental state is incompatible with that of building states that are democratically governed (Fritz and Menocal 2007).

To solve the mystery about the replicability or irreducibility of East Asia's developmental state model in the rest of the developing world, Joshi (2012) argues that one should consider variations of a 'non-Western' model of a developmental state. He specifically identifies three: the "human developmental state", the "social developmental state", and the most relevant to this research, the "resource developmental state" – or "petro-developmental state" (Ovadia 2013a) to refer to petro-states. It is assumed here that the latter would fit the description of what Evans (2010) dubbed the "21st century developmental state". In addition to illuminating on the *context* within which the transformation from a 'failed' or 'cursed' to a 'petro-developmental state' is possible, the ensuing discussion will establish key features that may facilitate or constrain the emergence and consolidation of this type of states in Africa. One should be mindful that the reading that follows is influenced by this dissertation's singular focus on transparency as a tool to foster good governance in petro-states like Angola. So whilst others have approached their analysis from a broader perspective (Bergessen et al 2000), or looking specifically at the emergence in the Gulf of Guinea, of a 'petro-developmental state' that "nurtures capitalism" by adopting policies designed "to bolster domestic industry in the oil and oil services sectors" (Ovadia 2013: 49-64), this dissertation concentrates on "*how much and by what means* prevailing governance

systems need to change in the direction of so-called modern state in order to be effective in delivering development and security” (Fritz and Menocal 2007: 532, emphasis added).

Expectations of a ‘Petro-Developmental’ State in Africa

According to Bolesta (2007), a developmental state is an interventionist state committed to accelerating socio-economic development. It is strong enough and legally able to dictate not only the norms and rules of the social, political and economic existence, but also the directions of development - which is achieved through the process of industrialisation. In these states, although the strategy and goals might be drafted by the ruling elite, state transformation is facilitated by a competent bureaucracy, a state administration which is “a structure largely independent from possible democratic choices of the society unlike in Mexico and Brazil” (ibid: 109). The economic environment is capitalist, meaning that “the private sector plays a crucial role in the development of the country” (ibid; see also Bolesta 2012). The parameters by which this scholar and diplomat defines the developmental state are akin to those discussed previously, but they are mostly informed by his insight into the workings of the post-socialist Chinese state.

To be sure, there is a consensus that building or re-building 21st century developmental states is both an economic and political project. Still, the object of debate is on what the *primary* goal of such states should be, the process of development itself, and the “relational aspects” (Stubbs 2009) that should be defining them. Evans stresses the continuing role of the state in economic growth and social transformation, but confers that “successful 21st century developmental states will have to depart fundamentally from existing models of the developmental state in order to achieve success” (2008: 1). He makes two interconnected propositions. The first is that the narrative that emerged out of the “golden age of capitalism” cannot be sustained, and growth strategies that focus primarily on traditional capital accumulation will no longer suffice. Secondly, Evans stipulates that the state will have to rely on broader support from society, in a way that is different from the narrow relations it had with capitalist elites in the previous century (Evans 2008, 2010; Evans and Heller 2012). Essentially, Evans (2010) sees development primarily as “capability expansion”. In his view, “a 21st century developmental state must be a ‘capability enhancing state’”. It must “support the

distribution of basic rights that gives individuals incentives to invest in their own capabilities”, and be “a vehicle for making social choices and defining developmental goals.” In essence, “expanding the capabilities of the citizenry is not just a welfare goal. It is the inescapable foundation of sustained growth in overall GDP”.

This perspective differs from neoliberalism’s focus on human capability in purely economic terms (Edighedi 2010: 13) and finds strong support within parts of the Angolan civil society. Not least because Angola’s low human development and inequality levels exemplify worries about both the primacy of GDP growth as a measure of development, and the sort of ‘growth without equity’ that is salient in both the developing and developed worlds. Angola achieved robust GDP growth rate in recent years, recording its highest scores during the “mini golden age” (Da Rocha 2012: 1) that lasted between 2005 and 2008. This was enough for the country to earn its place as the world’s fastest growing economy throughout the previous decade, with an annual average GDP growth of 11.2 per cent (see The Economist 2011)⁹. Evidently, economic growth has immense benefits. Without it, “nothing more can happen: no new jobs, no further income distribution, no improvement in living conditions” (Da Rocha 2012: 2). But economic growth itself says very little about, and does not always translate into, improvements in the overall living conditions of the population. A quick look at Angola’s rankings in various indices validate this point, as they show that despite recent strides, Angola remains one of the world’s most unequal countries with a Gini coefficient of 0.55 (UNICEF 2012: 4)¹⁰, and its population, one of the poorest¹¹, to the point where,

“Sometimes, you cannot understand why a country that is so prosperous [and is] the third economy in the region, has the most expensive city in the world, when about 60 per cent of its population live with less than 2 dollars per day. So, you ask yourself, why is there so much contradiction? Why is it that there is so much wealth, and on the other hand, so much poverty?”¹²

Saying that, the “capability enhancing development” approach that Evans proposes is not just informed by growing evidence and increased recognition of the perverse effects

⁹ The oil boom eventually subsided due to the 2008-09 global financial crisis, leading to a drastic fall of Angola’s real GDP growth to 2.4 per cent in 2009 and 3.9 per cent in 2011, with an estimated rate of 5.1 per cent in 2013 (AEO 2012).

¹⁰ The Gini coefficient measures income disparities in a country. The higher the number, the more income is being taken in by a small group.

¹¹ Angola ranked 148th out of 187 worldwide in 2011. See UNDP (2011) available online at http://hdr.undp.org/en/media/HDR_2011_EN_Table1.pdf, accessed on February 18, 2012.

¹² Elias Isaac, Country Director of OSISA-Angola, 17 September 2013; see Event 31.

of inequality on institutions and 'good governance' (Evans and Heller 2012: 6 citing World Bank Development Report 2006). It also is influenced by the changing character of economic activity, away from a focus on manufacturing onto an emphasis on the benefit of "intangible assets (ideas, brand images, etc.)" or "bit-driven growth", namely, "growth which is driven more by ideas and information (both as means of production and objects of consumption) than by the physical transformation of nature" (Evans 2008: 8-10). This shift presumably has several implications for growth strategies and state-society relations. It implies that the 21st century developmental state would have to increase public investments in human capabilities. Further, success would depend on the existence and development of a capable and coherent state bureaucracy and a "broad-based embeddedness" – that which links the state to a plurality of groups, engenders "multiple points of contacts with the state", and facilitates the "co-production" (of services by communities, families and individuals) and coordination over domination, coercion or dependency (Evans 2008 13-17; Chang and Evans 2005: 26).

As was the case for the 20th century developmental state, studies of the 21st century developmental state weigh in on the debate about its (in)compatibility with democracy, albeit only to a limited extent. Some maintain that a developmental state may not be able to sustain a fully democratic system in which "people enjoy extensive rights" due to the possible unintended consequences of democracy on the developmental orientation of the state, in particular, its tendency to disperse power, slow down decision-making processes and reduce the autonomy of the state (Bolesta 2007: 106; Fritz and Menocal 2007: 537). Bolesta (2012: 26) in fact suggests that the success of a developmental state depends on the interrelation of four actors - the state political elite, the bureaucracy, society and business – though he thinks less of civil society as a defining actor. Instead, apparent is his preference for thinking about the type of "seamless web of political, bureaucratic, and moneyed influences" that structured economic life in capitalist Northeast Asia as the most determining factors.

Others uphold on the contrary that these states *should* be predicated on building democratic (participatory) governance, for "states whose power is democratically authorised have been much more successful in the long-run in developing synergistic relations with society than authoritarian states" (Chang and Evans 2005: 26-27; Mkandawire 2001; Meyns and Musamba 2010: 26-28). Evans particularly cautions against close relations with global capital for, its growing influence increases the

opportunities for capture and the difficulties of sustaining the right balance between autonomy and ‘embeddedness’ (2010: 50). He observes that:

“Developmental success has strengthened private capital and increased the domestic political role of transnational capital. Deeply entrenched reliance on local private elite, the growing centrality of transnational capital to local accumulation and the proliferation of alliances between local transnational capital have transformed the political landscape into something quite different than that it was 40 years ago. [This] shifting balance of public and private runs counter to the requirements of 21st century strategies, which demand a stronger more capable public sector than the 20th century version [...] Capability expansion fits less easily into a shared project with private capital” (ibid: 15; emphasis added).

In sum, one should do away with the “all good things go together” view that previously associated the East Asian model with “whatever one thought was good – transparency, accountability, autonomy, non-corruption and so on” (Mkandawire 2010: 78), and think of the 21st century developmental state “one whose ideological underpinnings are developmental and one that *seriously* attempts to deploy its administrative and political resources to the task of economic development” (Mkandawire 2001: 291, emphasis in the original). Its policies should give special consideration to “the minimal conditions of governance necessary to allow political and economic development to occur” (Grindle 2005: 2). They must make room for “trial and error”, in other words, for flexibility and experimentation that accommodate poor performance possibly stemming from “exogenous factors, miscalculation or plain bad luck” (Mkandawire 2001: 295).

ANALYSIS AND CONCLUSIONS

This chapter sought to review the main theoretical debates and conditions that led to the need to regulate the African oil industry using transparency as a policy tool. In a nutshell, it found that demands for ORT are driven by faulty assumptions about what the problem of governance and development is in African petro-states. State failure theories undoubtedly informed the debate about the linkages between oil extraction and development in postcolonial Africa. They shaped and even justified international interventions in the sub-continent. But it is true that these theories are not always qualified. They offer a simplistic and static view of what development “ought” to be as opposed to what it “is” in Africa (Mkandawire 2001: 290), and even less imagination or thought given to what it can be in the distant future. More problematic is the lack of consensus on ideal outcomes. In fact, much of this deterministic research cast doubt on

the possibility that Africa ever had, and can ever have, developmental states. Yet as Bergessen and colleagues (2000) rightly pointed out,

“No analytical framework should be deterministic, though. It *is* possible to foresee a transformation towards a benevolent oil state. Growing oil revenues *can* facilitate positive change by 'greasing' political and economic reform processes. New sources of political mobilisation *may* appear, reinforced by for instance international NGO alliances and the Internet. International oil companies and multilateral financial institutions - both alone but more promisingly by working in tandem, *could* be able to exert effective pressure on political regimes seemingly immune towards conditionality.”

For one thing, if unlike in East Asia development in Africa was constrained by limited resources, debts and conflicts during the 20th century, it is now facilitated by vast oil resources, and a more favourable security, socio-political and economic environment. The global demand for oil resources brought about by the rise of emerging markets is contributing to the transformation underway, as well as the increased number of discoveries and improvements in the terms of trade. One also notes the influence of regional competition, state ambitions and agency, the strengthening of domestic technical capacities, increased resource nationalism and investment in social sectors. Parallel to state actors' interests, strategies and agency is the positive effect of the middle class, demography and the spread of mobile technologies on cultural progress and the “awakening of the counter-public” (Faria 2013a, 2013b) - a civil society increasingly willing and able to find ways to “speak up” about injustices and demand accountability through street protests, music, or social networks as in Angola and other African resource-rich countries.

In this respect at least, the concept of a ‘petro-developmental state’ represents a useful framework for understanding and explaining how a state can avoid the resource curse and utilise oil revenues for developmental purposes (Edighedi 2010: 11). Regrettably, this subject of how a developing, mineral-rich country becomes developmental has been overlooked in the scholarship (ibid; Ovadia 2013: 20) for a number of reasons, including a lack of understanding of the reform context and disagreements over visions of development. As the chapter showed, issues of what development should constitute, how it can be achieved, and by whom, are still contended.

Two common themes run through the two sets of literature reviewed above. One is the concern or uncertainty surrounding the concept of democracy, and possibly that of accountability; and the other is the lack of understanding of the contribution of domestic and international actors to development or lack thereof. In particular, the question of the role of a 'civil society' as a *sine qua non* condition for the effective functioning of developmental states is less settled than is often presumed. As subsequent chapters will show, this confusion has translated into the neglect of local voices in the design and implementation of ORT policies in Angola and beyond. More generally, one should point out that struggles over the meaning of development, 'good' governance and transparency are not divorced from politics, but rather increasingly enmeshed in them in a context in which relations between "public/state" and "private/market" actors are undergoing change (Khagram et al 2002: 12; Newell and Wheeler 2006: 14). Above all, they are linked to, and driven by, the presence of a multiplicity of actors in governance and development processes, their competing roles, visions and interests, and contradictory practices (see Peters et al 2009; Newell and Wheeler 2006). This necessitates that one examine who these actors are, and what their rationales and objectives are for promoting and supporting ORT in 'weak governance' contexts like Angola is also central to the understanding of how and why ORT evolved; what or whose goals they aim to and actually advance; and whether the policy tool can effectively deliver on its promises. These are the issues the second chapter will now seek to address.

CHAPTER 2

ORT IN A GLOBAL CONTEXT: ACTORS, RATIONALES AND APPLICATION

“One of the reasons why Angola is not developed is because of the amount of money that has been stolen. This is not something that anyone looking at Angola would dispute. What they would argue about, is how big the problem is and how to solve it.”

Excerpt of an interview with a Western INGO official, 7 March 2011.

“We will not have succeeded until the citizens of resource-rich countries see real improvements in their lives.”

Short (2011)

With ORT dominating the regulatory landscape of the oil industry, it is easy to form the opinion that it is the sole solution proposed to transform the natural resource ‘curse’ into a blessing in weak governance contexts. But it is not, except that like ORT, other proposals focus on domestic institutions. These proposals emphasise the adoption of macro-policies that can help countries diversify their economies away from the oil sector; the creation of sovereign wealth funds to support the development of future generations following the example of Norway; the distribution of oil revenues directly and equally to citizens as it is the case currently in Alaska and Alberta, in the United States and Canada respectively; the adoption of revenue management laws; and finally, the increase of transparency in oil sector deals. The combination of economic and political policies stems from the belief that economic policies are ultimately dependent on institutional reinforcement that encourages the reduction of corruption and democratisation and the growth of a developmental state more generally (Karl 1997: 241; Auty 2001: 315-28).

Needless to say that many African oil states have undertaken or are in the process of undertaking reforms but their experiences show that no matter the attractiveness of policies and indeed *raison d'être*, fundamental questions remain about their feasibility and impact. Is there genuine political will to see through these policies? Can and should they

be replicated across space and time? Is international policy intervention the right approach (Pegg 2006) or should home-grown policies be advocated at the local or national level? And is ‘soft’ or “hard”, extraterritorial law the answer?

These questions notwithstanding, the embrace of the governance reform agenda by the world petroleum industry is best captured by the rise of oil sector transparency as a now established norm (Gillies 2010). Transparency has received the support of most donors, investors, oil companies, and even oil-dependent developing countries that view it as the new, desirable and viable standard of state behaviour. Its coverage by Western and African media outlets has significantly improved since its inception in the beginning of the millennium, so has the attention it is attracting from scholars and think-tanks. This increased interest and the multitude of actors involved in pushing the ORT agenda has contributed to its rise in the international scene, but it is important to note also that paradoxically, conflicts over the diffuse benefits, objectives and expectations of the policy have also created obstacles to both the evolution of the global ORT regime and its institutionalisation in developing countries.

With this in mind, the main preoccupation of this chapter will be to explore further the normative and political context of the emergence of transparency in the African oil industry, by looking specifically at actors’ rationales and how it has been applied in other contexts. Specifically, the chapter asks: What explains the transparency ‘turn’ in the global and African oil industry, considering that key stakeholders involved in the oil business were previously either reluctant or unable to address the governance deficits that characterise most oil-dependent developing countries? The objective here is twofold: (1) to examine how the tensions between actors’ normative and material objectives combined to shape not only the character of the current international disclosure-based regulatory regime, but also the design, application and effects of the initiatives that constitute it, chiefly EITI; and (2) to strengthen the reader’s ability to appreciate the degree to which the Angolan experience that will be detailed in subsequent chapters compares with that of its neighbours and resource-peers.

TRANSPARENCY'S ENTRANCE IN THE OIL INDUSTRY: ACTORS AND RATIONALES

The global push for increased transparency in the oil sector can be associated with global demands for openness spreading as part and parcel of democratisation and globalisation trends after the end of the Cold War (Florini 1999). It was driven, in part, by the rise of neoliberalism and the West's desire to spread "the positive experience of political systems" based on such liberal democratic values as the rule of law, human rights, pluralist government and the market economy (Duffield 2001: 41). But it was also influenced by other trends that began to shape global agendas, including the rise and growing influence of non-state actors – especially GCS and transnational corporations -; the increasing complexity and growing interdependence of global policy arenas; and finally, the rise of global media and spread of information and communication technologies.

These dynamics had profound effects on international policy-making. They created the necessity for shared standards of correct behaviour (Florini 2002: 23-24; Van Orange and Parham 2009) - or as Krasner (2009: 232) argued, "the transcendence of accepted rules, including the creation of shared sovereignty" -, thereby generating a proliferation of multi-stakeholder initiatives (MSIs). Also, by blurring the limits of national borders and creating more opportunities for interactions between state and non-state actors across the world, they re-ignited the debate around the intricate links between politics and economics, which in turn, provoked a change in the policy formulation of international organisations (IOs), including IFIs. Major oil companies too sought to take a proactive role in debates about their role in societies in which they operate, amidst concerted international NGO-led campaigns aimed at their activities. The questions are: under what circumstances and how did these international actors actually respond, and what motives underlying these responses?

In the following paragraphs, the chapter will locate the rise of ORT in (a) the belief in a multidisciplinary way of solving global challenges; (b) GCS's struggle to frame acts of corruption as "symptoms of a deeper problem in the relationship between state and society in general and in the functioning of democracy in particular" (Ackerman 2014: 294); (c) IFIs' objective to push through ORT as a good governance principle; (d) consumer governments' goal of ensuring their energy security; and (e) IOCs' intent of promoting the policy norm as a CSR strategy for risks and stakeholder management.

Multi-Stakeholder Partnerships for Development and Governance

So far in the thesis, it has been established that a key feature of the global campaign to increase revenue transparency in the African petroleum industry is the engagement of diverse actors – host and home governments, investors, IFIs, IOCs and civil society – in the movement. While underpinned by their own sector-specific rationales (Peters et al 2009: 510), these actors' involvement primarily stems from the belief in the petroleum industry's inextricable links with local and global contexts (Karl 2007: 258), and in the fact that the tackling resource curse requires a holistic, multidisciplinary approach to problem-solving.

The partnership model was publicly endorsed during the Rio Earth Summit in 1992 and the Johannesburg World Summit on Sustainable Development in 2002, as a key approach to achieving global sustainable development objectives. Ever since this endorsement the number and size of MSPs has grown exponentially. In the extractives sector, the first notable experience of collaboration gave rise to the Voluntary Principles on Security and Human Rights (thereafter 'Voluntary Principles') in 2000. According to a former senior oil company executive, these were "an important example of what it would be like to bring together governments, businesses and NGOs". Besides, the leadership of the US State Department and the UK Foreign Office in this case demonstrated that "you ought to have a strong government role and then business and NGOs can play their full part."¹³ This formulation is what partly influenced the design of EITI.

Partnerships are portrayed as "the development approach of our time" (Kjaer 2003: 13), and a source of hope because they are transforming how both commercial enterprise and the business of government is conducted, as well as re-shaping the nature of citizen's engagement in the governance of their affairs (Zadek and Radovich 2006:6). As with most concepts used in the dissertation, however, the term 'partnership' means different things to different people. This is illustrated by the multitude of terminologies often

¹³ Interview, 1 February 2010. The discussion that follows draws extensively from Mouan (2010b).

associated with the term¹⁴, as well as by the lack of a common definition. Among the plethora of definitions produced to date is that offered by the UN, as “voluntary and collaborative relationships between various parties, both State and non-State, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits” (cited in Tennyson and Bowman 2003: 36). Others define partnerships as an “alliance between organisations from two or more sectors that commit themselves to working together to undertake a sustainable development project”, in order to “share risks and benefits, review the relationship regularly and revise the partnership as necessary” (Tennyson and Wilde 2000: 12).

From these definitions it resorts that partnerships are by and large and voluntary, which means that no single partner is forced to opt in, and accordingly, that there is no major consequence for opting out as these are not legally binding. The definitions raise the expectation of a common purpose and mutual benefits for all stakeholders involved. In the ORT arena, this ‘win-win’ situation was best captured by the former British Prime Minister, Tony Blair, who stated:

“We need to use transparency in revenue and financial management to allow people to hold government to account and build public trust. Increased transparency will also help to create the right climate for attracting foreign investment, and encourage an enterprise culture. Governments need to create this favourable environment, but companies have an interest in promoting transparency too. Transparency should help companies to reduce reputational risks, to address the concerns of shareholders and to help manage risks of long-term investments. And transparency is a positive contribution to development as it increases the likelihood that revenues will be used for poverty reduction” (Blair 2003:2).

In addition to the principles of mutual benefit and collaboration, Tennyson suggests two other principles which are key to the success of any partnership (Tennyson 2004: 6-7): (a) equity, or the idea that each partner’s contributions should be equally valued and not simply in terms of their cash value or public profile; and (b) transparency or the principle that each partner should be open about their own vested interests.

¹⁴ The term ‘partnership’ is often used interchangeably with such terms as ‘multi-stakeholder partnership’, ‘cross-sector partnership’, ‘tri-sector partnership’, ‘public-private partnership’, ‘new social partnership’ or ‘strategic alliance’.

For proponents in Europe and North America where they originated, the main value of MSPs lies in their ability to enable norms and standards (Guoqiang et al., 2009: 38)¹⁵, knowledge dissemination, social learning, and in closing the “participation gap” in global politics (cited in Compagnon 2008: 6). For critics, the challenge remains that there is not sufficient empirical evidence on the benefits of partnerships; as Martens (2007: 34) contended, “the widely-held notion that there is no alternative is often no more than a profession of faith”. It would seem, in effect, that the operational or practical challenges associated with this multi-disciplinary approach to problem-solving are often greater than the benefits it brings to some stakeholders.

Indeed, several studies show that MSPs can lead to power imbalances (Hale and Mauzerall 2004; Rein et al 2005; Martens 2007; Findlay-Brooks et al. 2007). While seeking to be inclusive and participatory, they tend to exclude certain groups, often accentuating existing conflicts over power relations between and within communities. They can allow certain participants to acquire the influence necessary to shape agenda-setting and decision-making by other less powerful actors (Martens 2007: 5). Critics fear, for example, that partnerships can be used by corporations for ‘blue-washing’ or ‘green-washing’, to divert the attention from their irresponsible behaviour (Hale and Mauzerall 2004; Stott and Rein 2003; Martens 2007). They suggest that endorsement from international institutions such as the UN, or in the case of extractive industries, the World Bank, can grant companies a “false sense of legitimacy” (Hale and Mauzerall 2004: 223) which may enhance companies’ image and help them gain access to markets, but damage the reputation of the IO in question. A case in point is the Chad-Cameroon Pipeline Project, a public-private partnership that tarnished the World Bank’s reputation and its ability to mitigate social impacts from the project. For governments, partnership initiatives can be seen as an opportunity to shy away from their responsibility for social services provision. This is sometimes the case in developing countries, where the general assumption of the existence of a well-functioning state capable of addressing a set of responsibilities simply does not reflect the reality on the ground, as the capacity of these states is usually lacking.

¹⁵ These are known as *rule-setting and advocacy* partnerships, as opposed to *implementation* partnerships that are predominantly about “facilitating, financing and managing action to achieve particular, tangible objectives” (Hamann and Boulogne 2008: 60).

Another major challenge with partnerships is the lack of legitimacy of the initiatives themselves. They are perceived as a tool for “continued intervention by the West in developing countries” (Stott and Rein 2005: 6), and as underpinned by “a clash of worldviews and expectations” (Idemudia 2007: 20) – or differences in perspectives and worldviews defined by the socio-historic context of the actors within them. Additionally, these types of arrangements do not only lack ‘teeth’. They are also, in most cases, likely to be alliances between non-elected actors with immense power but dubious mandates – a fact that ultimately leads many to question their credibility (Findlay-Brooks et al. 2007; Rochlin et al 2008) and appropriateness for developing countries (Idemudia 2007). As will be shown shortly, many of the foregoing shortcomings apply to EITI. First, one explores the foundation and value of ORT as a right.

The Human and Democratic Right to Information and Transparency

As noted in the introduction of the dissertation, transparency or the ‘right to know’ is seen as the first normative goal that transparency may seek to further (Gupta 2009: 9). Yet just as transparency has several meanings, so too has the ‘right to know’ or ‘right to information’. In *Transparency in International Law*, scholars explain that while the right to information has been enshrined in several national and international laws, for decades these covenants interpreted it in a “liberal” and limited sense. In other words, the reading therein was that of a ‘negative’ right that did not confer on citizens the ‘positive’ right to obtain information held by governmental agencies, and could not function as a legal basis for claims to access administrative files, court proceedings or records, and could not act as a catalyst for the creation of governmental transparency (Peters 2013: 587). The Constitutional Court of South Africa was chosen to illustrate this point, as it interpreted the “freedom of information” not as a “universally accepted fundamental human right”, but as a right “directed at promoting good government” (Klaaren 2013: 223). A second feature inherent in regional and international covenants was that whereas individuals had the right to receive information, and sometimes seek and receive information, there was no guidance on who the holder of the information should be, whether private or public actors, state or international agencies (Peters 2013: 587).

More recently though, there has been a shift towards the recognition of a new and broader construction of right to information in provisions of legal documents. This shift is spearheaded by case law, regional bodies such as the European Court of Human Rights

and most significantly, the UN Human Rights Commission (ibid: 588; Klaaren 2013: 228-38). In its General Comment on Article 19 of the International Covenant on Civil and Political Rights, the Human Rights Commission stated on the right to access information in paragraph 18:

“Every individual should have the right to ascertain in an intelligible form, whether, and if so, what personal data is stored in automatic data files, and for what purposes. Every individual should also be able to ascertain which public authorities or private individuals or bodies control or may control his or her files. If such files contain incorrect personal data or have been collected or processed contrary to the provisions of the law, every individual should have the right to have his or her records rectified.”

In terms of who should have the onus of disclosure, paragraph 7 stipulates that primary obligation should fall on “all branches of the State (executive, legislative and judicial) and other public bodies or governmental authorities at whatever level” (paragraph 7), besides “other entities when such entities are carrying out public functions” (paragraph 19). As for the content of such a right to information, the Commission noted:

“Such information includes records held by a public body, regardless of the form in which the information is stored, its source and the date of production [...]. The right of access to information includes a right whereby the media has access to information on public affairs and the right of the general public to receive media output.”

Other bodies and scholars adopt either a limited or expansionary perspective on the content of this right. As an example, Klaaren (2013: 232) points to the omission, in the African Charter on Human and Peoples’ Rights, of the term “seek” which has been a “key textual term in the elaboration of a free-standing right to information¹⁶. The author himself distinguished between four components of the right to know: “as a democracy-supplementing right, an individual- autonomy right, a market-supplementing right and a socio-economic right” (ibid: 227). All four components find broad support in the literature.

On the value of the right to information as a “supplement” to democracy, some experts submit that transparency - or a broad right to information - is part of the value systems of

¹⁶ The author referred here to Article 9(1) of the African Charter of Human and People’s Rights adopted in 1981, which provides that “[e]very individual shall have the right to receive information” and Article 9(2) which states that “[e]very individual shall have the right to express and disseminate his opinions within the law.”

liberal democracy and human rights (Dror 1999: 63); that it can promote democracy by allowing different social groups to participate in the decision-making process and monitor state institutions (Bellver and Kaufman 2005: 11). Moreover, it is held that while at the national level “democratic control by citizens, through public opinion, fosters transparency in State activities and promotes the accountability of State officials in relation to their public activities”, at the level of global governance, transparency can equally be “democratically relevant to international actors” (Peters 2013: 562-64). Specifically, transparency can “alleviate the democratic deficit to be found in international organisations and international law-making processes”, by “providing a reasonable semblance of democracy at the global level of decision-making”, in the sense of acting as an alternative accountability mechanism when direct accountability is lacking (ibid: 564). In the opposite direction, experts affirm that the level of democracy is determinative of whether and how international transparency initiatives are applied, and whether they are effective. Fox (2013:1) argues in fact, that:

“We should not expect international initiatives to make a big difference in nation states that are already solidly democratic, or where authoritarian rule is entrenched. In countries in transition, in contrast, international initiatives can bolster national actors who have the motive and means to mobilize – and they can get the attention of those governments that might actually care about naming and shaming.”

Others believe the relationship between transparency, democracy and corruption to be more complex. Analysts argue that transparency cannot directly impact country scores on the Corruption Perception Index, Governance Matters, Freedom House, Human Development Indicators (Gillies and Heuty 2011: 29-31). One interlocutor was in fact adamant that “there is no way can EITI be expected to affect democracy scores, especially in a couple years”¹⁷. The reason for this scepticism varies, but one that was noticeably stressed was the flawed methodologies employed for the indicators in question. As one senior Western development analyst wrote,

“Scoring according to these indicators is done through a not-very-transparent process whereby the views of “experts” are mixed (or not mixed) with findings of social surveys. These data aren’t “facts” but “factoids” constructed in ways that are open to question. And the results can be laughable”¹⁸.

¹⁷ Personal communication with Western INGO official, 5 June 2010.

¹⁸ Personal communication, 12 February 2013.

There is also the question of whose opinion gets surveyed. As far as corruption is concerned, “in many African cases, those advising Transparency International and other anti-corruption bodies have quite different perceptions than do ordinary citizens.”¹⁹ Razafindrakoto and Roubaud (2006) share this view. Writing about corruption perception indexes, they affirm that:

“The experts do not provide a good gauge of the real level of corruption. They systematically overestimate the frequency of corruption. Moreover, the ranking of countries derived from their perceptions does not tie in with reality. The experts’ measurement error is all the greater in that the countries are not well graded in the international bases, which penalises the poorest of them.”

The interpretation of the right to information as an individual-autonomy right and a socio-economic right or as “a right to access a mechanism to access information” (Klaaren 2013: 228)²⁰ also has the backing of other analysts. Henriques (2007: 53) posited that transparency is valuable because it could be shown to be an apparently ‘new’ human right that is necessary for the achievement of other rights. Armatya Sen too argued, in his oft-cited *Development as Freedom*, that transparency is connected to human rights and human development, especially as transparency guarantees, including the right to disclosure, have “a clear instrumental role in preventing corruption, financial irresponsibility and underhand dealings”, and they are critical in providing incentives for efficient service delivery and allocation of resources, as well as a way forward for a more humane society (Sen 1999: 40). Further, analysts contest that transparency acts as an “instrumental right for empowerment” (Article 19 and ADC 2007), that which leads to the realisation of other rights and freedoms enabling the achievement of social and economic justice (Sen 1999; Florini 2007). Here, the “empowerment case” - or “the empowerment of disadvantaged groups to exercise their voice effectively, so that power relations are re-constituted to their advantage” - is seen as a defining characteristic of “deep” as opposed to “formal electoral” democracies (McGee et al 2010:7).

Finally, the fourth concept underlying the right to information moves beyond the public sphere into the private sphere, where it is seen as a significant facilitator of economic efficiency, of the self-regulation of the market in goods and services (Klaaren 2013: 227), and of the efficiency of investment decisions, which can in turn improve a country’s competitiveness and foster its economic growth (Florini 1999; Bellver and Kaufman

¹⁹ Ibid.

²⁰ These are taken to entail the sum total of human rights that a right to information fosters.

2005). This theoretical argument is nonetheless conditional on the extent to which there is corporate transparency (Williams 2003:42-46), which refers to the availability of financial and other business information about firms in a given country (Bellver and Kaufman 2005:7).

There is a predisposition to treat ORT as stand-alone principle, with some proponents even suggesting, in the context of EITI, that it is not a “human rights standard” (Short 2014). Yet, as Anne Peters affirms, there are “practical consequences to acknowledging a human right of access to public documents, as opposed to endorsing transparency (only) as an ‘objective’ (not rights-based) principle of governance” (Peters 2013: 290). One is that “access to non-public information could not be summarily rejected as falling outside the scope of the human right to information”; another is that the “*burden of justification* in maintaining secrecy” would shift to the information-holder. A third point of relevance to the extractive industries is that such a human right underpinning would make it possible to “counter World Bank decisions to finance ecologically sensitive developmental projects” (ibid: 291). This will be crucial to avoid past mistakes that led the Bank to promote ORT as a good governance principle.

IFIs and Transparency as a ‘Good Governance’ Principle

The World Bank is another international actor whose support for revenue transparency in the early stages facilitated its entrance and rise in the African oil sector. Transparency was a key variable of the ‘good governance’ concept, itself a contested term as will be shown subsequently. By the late 1990s, it had become necessary to “bring the state back in” the debate about development in Africa. At the same time, the processes identified in the resource curse theory provided IFIs with the perfect opportunity to re-assert their authority and re-define a role for themselves in the wake of widespread criticisms (Kapur and Webb 2000: 17-18; Gillies 2010). After initially focusing solely on market-led growth, the Bank expanded the term ‘governance’ to denote the need for institutional reform and a more efficient public sector in sub-Saharan Africa (World Bank 1992). In 1999, together with the IMF, it launched the Highly Indebted Poor Countries (HIPC) initiative that would enable low income countries to access financial assistance or debt relief on condition that they draw up poverty reduction programmes also known as poverty re-

duction strategy papers (Harrera et al 2005; Razafindrakoto et al 2006)²¹. “It is here”, Doornbos (2001: 98) writes, “where the notion of ‘good governance’ came in, somehow broad enough to comprise public management as well as political dimensions while at the same time vague enough to allow some discretion and flexibility in interpretation as to what ‘good’ governance would or would not condone.”

Indeed while there is a broad consensus on what bad governance represents, and on the fact that good governance is necessary to development, there is no agreement on what exactly constitutes good governance. Since the emergence of the concept, its definition has emphasised the political components of local ownership, accountability, transparency, participation in decision-making and empowerment, yet the measurements and comparisons of some of these components across and within countries at different moments in time have proved unreliable (Grindle 2007; Kaufman 2005). According to Campbell (2009: 249), this underlines the “ambiguity and confusion that arises as a result of the polysemic nature of the notion of governance, and notably the consequences of the manner in which it is conceptualised and used by multilateral financial institutions.”

Grindle suggested a way to solve these ambiguities, by thinking of institution and capacity-building as “products of time”. She argued that “not all governance deficits need to (or can) be tackled at once”; in fact, “governance achievements can also be reversed”. Consequently, “interventions thought to contribute to the ends of economic and political development need to be questioned, prioritised, and made relevant to the conditions of individual countries” (2007: 554). Others affirm that it is this conception of ‘good enough governance’ that “bridges key concerns of both the developmental state agenda (achieving results on social progress) and the good governance agenda (the development of fair and humane rules of the game)” (Fritz and Rocha Menocal 2007: 538).

Onto the question of the rationale and application of the ‘good’ governance concept in the oil sector, Szablowski (2007: 100 cited in Campbell 2009: 5) posits that this model represented an “influential attempt to arrive at a new, post-liberal social contract with regard to the development of large-scale projects in the Global South”. Others charge that this normative shift enabled Western donors and IFIs to link good governance to economic development, leading them to conclude that several global governance arrangements and outside actors ought to concern themselves with the changing governance

²¹ I am grateful to David Sogge for bringing these publications to my attention.

practices and arrangements in developing countries (Benner et al 2010: 291). This contributed to shift attention back to host countries and indicators of bad governance among which is the incidence of corruption.

Crucially, attempts by the Bank and other IFIs to address social issues within the market-led paradigm did not lead to the annihilation of the neoliberal fundamentals. What it did, according to Carroll, was changing the way in which these fundamentals were embedded and delivered. In his words,

“This new social neoliberalism deployed particular political technologies – that is methods to assist with the embedding of particular projects and programmes [that] included participatory approaches and consultation exercises designed to circumvent or dissolve implementation impediments. [They] were executed in a manner that sought to build constituencies for particular agendas and marginalise opposition, in tandem with technocratic efforts to avoid some of the problems attending past efforts – especially environmental and social problems associated with large scale infrastructure projects. [This involved] the increasing internment of NGOs and social and environmental ‘experts’ into ‘development’ practice [...] and in particular those elements of it congenial to the operationalization of neoliberal development” (Carroll 2010: 8).

In effect, these new legitimization processes, and the good governance agenda more generally, enabled the Bank to proceed apace with its investments in the developing world. As Sogge (2011: 3) points out, at stake were “claims to economic and strategic advantages gained in controlling hydrocarbons, rare minerals and other natural resources - things that awaken the animal spirits of powerful outsiders.” They played a crucial role in the management of the crisis of credibility that the institution suffered from before the launch, in 2001, of the Extractive Industries Review (EIR) in response to GCS activism against the Bank’s financing of and involvement in large oil and gas projects which, as Peters alluded to earlier, were perceived as ecologically and socially damaging. Many of the Bank’s critics felt that through its involvement in these projects, the multilateral institution had effectively become a major contributor to “the perpetration, perpetuation, and amelioration of the resource curse” (Duruigbo 2005: 25); and that it had generated conflicts between its traditional purpose of poverty reduction and its pursuit of profit-maximisation (Turcotte, 2002: 130-1; Cray and Kretzmann, 2001; Hilson and Maconachie 2009: 55; Campbell 2009).

Both the results of the EIR and the Bank's response to these were equally surprising to say the least. As one expert commented,

"When the EIR was launched, no one at the Bank anticipated that it would yield the result it did: feedback from its handpicked director, Dr Emil Salim, that the Bank must get out of the extractive industries and move into renewable energy. But just when things were about to kick off when the Bank refused to take any of these recommendations on board, Tony Blair goes and launches the EITI."²²

The Bank then "latched" onto EITI and ORT as a valuable tool to "manoeuvre and manage political space, post-review, in its favour" (Bracking 2009: 4). This would, in turn, have the triple effect of securing the future interests of capital, safeguarding the legitimacy of the Bank (Carroll 2010: 3; Bracking 2009), and enhancing its influence over oil governance reform processes in implementing countries. Yet many doubt that the Bank is the right agency to lead on the drive for good oil governance in developing countries. Fjeldstad and Isaksen (2008) argue that as an institution under strong pressure to lend, and one whose mandate prohibits intervening in recipient countries' politics, the Bank is not only poorly structured to lead a fight against corruption, but more so, that it lacks adequate knowledge of corruption realities in these countries. In contrast, there are a lot of expectations on the Fund's leverage to move forward necessary reforms, as it is thought to have done most recently through the SBA in Angola. Chapter 6 shall assess not just whether this hypothesis is founded, but also whether the Fund has made full use of its presumed influence to drive positive change in postwar Angola.

Home States and Energy Security through Transparency

For 'home' states, the drive to promote greater ORT lies at the heart of energy security concerns. These concerns are particularly accentuated in the US, where it is assumed that "poor governance and a lack of transparency in global energy transactions have severe implications both for economic development and political stability of oil producing countries and for long-term U.S. energy security" (cited in Thomisee 2007). Discussions of energy security usually begin with home states' national energy challenges, from declining oil production, growing dependence on foreign oil to the need to diversify energy

²² Personal communication, 3 May 2012.

supplies. Clearly, a heightened awareness of the geopolitical implications of these energy supply and demand issues has given energy issues an increasing prominence in these states' domestic and foreign policies (Tønnesson and Kolas 2006: 5). But underlying 'energy security'²³ needs alone is insufficient to explain the so-called "scramble for African oil"²⁴. The other explanation accounting for this interest lies in Africa's strategic importance for the global energy market and its positioning as a viable alternative source of oil supply. Africa's oil is indeed highly regarded in the industry on account of its high quality 'sweet crude', its proximity to European and American markets and relatively low costs of extraction. Further, some energy experts perceive the expanding membership of Africa's oil and gas club and the recent shift away from nuclear energy following the Fukushima nuclear disaster (of March 2011) as revitalising and increasing further Africa's chances of catching up with the Middle East as a primary source of crude oil²⁵.

Yates suggests, in addition, that one should not detach oil from its location and the history of that 'place'. In the African context, that would be disregarding the crucial fact that besides being located within superpowers' old "colonial spheres of influence", Africa's oil is serving their imperialist interests (Yates 2012: 3). According to this scholar, the continued control of African oil industries by former and 'new' colonial powers - France's Total in Gabon and American Gulf Oil in the Northern Angolan region of Cabinda - exemplify this pattern (ibid: 29-34, 44-56). Others like Yates supporting the 'energy imperialism' theory attribute the recent rise of military interventions - notably through the U.S. African Command (AFRICOM) structure - in the Gulf of Guinea to the US Administration's desire to gain control over world oil supplies (Klare 2001; Ovadia 2008), presumably with the objective of circumventing China's attempts to 'lock up' oil supplies in Africa and elsewhere (Bellamy Foster 2005).

But these geopolitical rivalries between China and the US have been largely overplayed. As Raphael and Stokes (supra: 914) opine, "the assumption of innate geopolitical rivalry is not sufficiently attentive to the largely positive-sum nature of US global hegemony, and the dense economic and political linkages which now exist between alleged rival

²³ 'Energy Security' is defined here as access to cheap, secure and reliable sources of energy.

²⁴ Yates defines the "scramble of African oil" as "a *pattern of globalisation* that has generalised foreign oil investments, which had previously been exclusive domains of former colonial powers". See Yates (2012: 16).

²⁵ Discussions held during a meeting on 'African Energy and UK Energy Policy', at Chatham House, 14 November 2012.

core powers and regions.” Moreover, Croshaw and Ye (2012) see positives in both China’s and the US’s interpretations of energy security. In China, they contend, energy security is defined as “an ability to rapidly adjust to its new dependency on global markets and engage in energy diplomacy, shifting from its former commitments to self-reliance and sufficiency [...] to a new desire to build a well-off society [...] and become open to the outside world [...]” (ibid: 16-17). According to this reading, securing energy calls for “mutually beneficial cooperation, diversified forms of development and common energy security through coordination” (ibid: 17 citing Chairman Hu Jintao). In 2007, the US government also declared that its policy would be to increase energy security by “promoting anti-corruption initiatives in oil and natural gas rich countries”, and “programs such as the Extractive Industries Transparency Initiative that seek to instill transparency and accountability into extractive industries resource payments” (ibid: 29).

Bellamy Foster (2005) blamed the emphasis, in the US, on the link between national security and energy issues on the influence that national security analysts have on strategic energy policy. Taking the James A. Baker III Institute for Public Policy Report on *The Changing Role of National Oil Companies in International Energy Markets* and David Litvin’s writing on “Oil, Gas and Imperialism” as cases in point, he argued that this influence has led to more support of oil imperialism that involves consumer states launching political or military interventions to secure supplies, break up the monopoly power of oil producers; and to “guard against a ‘hostile’ alliance between major oil producing/consuming states, such as Russia, China, Iran, and the Central Asian states” (ibid). But it is also the case that efforts by some of these strategists and think tanks to realign the discourse on energy security with transparency, CSR and human rights principles, elicited the US government’s support for the ORT policy norm. Insiders believe this to be the case with the UK government as well, especially at the initial stages of norm setting and promotion (Van Oranje and Parham 2009: 42, 57; Gillies 2010: 112). An supplementary trigger in this latter case was the wish to counter the rising popular criticism of the UK government’s investment in projects like the Baku–Tbilisi–Ceyhan pipeline (ibid).

IOCs and Transparency as Corporate Responsibility

As illustrated in the introduction, IOCs are one of the lead “norm entrepreneurs” of ORT. Their support for the principle of transparency is part of their strategy to demonstrate good CSR – a term often used interchangeably with corporate citizenship or corporate

responsibility to denote the idea or expectation that business, in view of its growing power, influence and resources, should be able and willing to take up a more active role in the positive development of society²⁶. The rise of this agenda can be traced back to civil society activism against globalisation, and in particular, against the negative developmental impacts of large corporations (Utting 2005). Such activism took early aim at large oil companies that were implicated in several high-profile scandals and disasters, including the Exxon Valdez oil spill off the Alaskan coast in 1989, Shell's disposal of the Brent Spar oil rig in 1995 and accusations of complicity in human rights abuses in Nigeria, and IOCs' involvement in corruption scandals in conflict zones in Angola, Sudan and Colombia (Utting and Ives 2006: 12).

Driven by economic and commercial interests, reputational concerns, other internal motives and home state regulation, several large IOCs have engaged in CSR efforts. Over the years, many have adopted codes of conduct and various CSR initiatives such as the UN Global Compact, published sustainability reports, and invested in social projects sometimes in partnership with government institutions, NGO, and/or IFIs. Like the resource curse however, CSR theory and its practice have become contentious. In fact, the advent of CSR in the development discourse does raise a number of questions. What are its purposes? Is it an appropriate tool for dealing with the complex governance and development challenges facing resource-rich countries? And how can one measure its impacts? Another challenge is that it is difficult to measure. The issue here is not just about measuring its impacts, but about what to measure and how. Put simply, should the emphasis be on the outcomes of CSR initiatives or on the processes through which these initiatives were moulded, negotiated and implemented? Besides, what structural and context-specific factors shape corporate behaviour, or affect what CSR instruments can or cannot achieve in the developing world, and how? What about the element of comparability; in other words, how do we compare the community development activities of oil companies against one another in the various countries in which these companies operate (Prieto-Carron et al 2006)?

²⁶ Blowfield and Frynas (2005: 503) define CSR as "an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chain); and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial viability, or to add value to society."

Advocates of CSR believe in the great potential for business to address social, economic and environmental issues in the communities and societies in which they operate, while sceptics point to the potential adverse effects of the mainstreaming of the CSR agenda on its expected beneficiaries. To illustrate, Henderson (2005: 32) warned that the case against CSR is not that it would necessarily be bad for profits, but that, whatever its effects on enterprise profitability in particular cases, it would make people in general poorer, by weakening the performance of business enterprises in their primary role. He adds that businesses' lack of knowledge and expertise would hamper social provision which is, and should remain, the responsibility of the state.

Others claim that CSR is used by large corporations solely for public relations purposes, or to legitimise their hegemonic position and shape the institutional context (Utting 2005; Utting and Ives 2006). Further, they believe that the Western origins of the CSR concept render it largely inappropriate for addressing the governance challenges facing developing countries, and call for a separate CSR agenda focused on examining, among other things, the enabling or constraining role of developing country governments on the discourse and practice of CSR (Blowfield and Frynas 2005; Frynas 2005; Hamann 2006; Visser 2008; Idemudia 2011). A new study proposed going beyond the consideration of CSR as a business and ethics issue, which not only obscures CSR's contribution to other fields - such as public health, education, poverty reduction -, but also neglects CSR's impacts on government institutions, local administrations, civil society organisations and local populations (Tallio 2013: 91). Pointing towards the increasingly positive input of CSR in Angola, this study found that "CSR departments have become essential development actors and their legitimacy no longer needs to be proven" (ibid: 92), suggesting that this is due to an undergoing shift affecting external development actors in the country. According to its author,

"Relations between "classical" actors of development have changed. The status of NGOs is different as they are no longer the contracting authority but technicians that implement projects on behalf of the CSR departments [...] Indeed, how businesses handle development issues rubs off on how development issues are defined" (ibid: 93).

How this and other changes - including the geopolitical shift mentioned in the introduction - affected GCS's work in the field of ORT is a critical issue that will be considered in Chapters 7 and 8. On IOCs, it is worth pointing out that this study offers

an alternative interpretation of the practice of CSR in Angola. Rather than approaching this in terms of negative or positive impacts, this reading is about shedding light on the dilemmas and paradoxes facing IOCs in developing countries. In particular, the objective will be to look into how external and internal factors mediated key companies' responses to the call for greater ORT in postwar Angola.

The foregoing discussion served to show how diverse, and often conflicting, were the rationales and objectives underpinning the emergence and support of ORT by international norm entrepreneurs and adopters. Such a discussion is central to the understanding of how and why ORT evolved and, specifically for the purposes of the next section, why ORT initiatives took the form they did. The following is an assessment of the shape and record of EITI, which is understood to be "one of the centrepieces of global efforts to tackle the 'resource curse' and translate natural resource wealth into genuine development for producing countries" (Critical Resource 2008).

FROM THEORY TO PRACTICE: SPOTLIGHT ON EITI

There are several reasons that justify a focus on EITI in this chapter. First, as noted previously, Angola was a key trigger for the creation of this MSI. Second, there is a sense among many interviewees that the debate on the potential benefits of joining the EITI for Angola, and the international transparency campaign in general, is in part behind the increase of transparency in public financial management in the country. Moreover, Angola's membership of EITI continues to be advocated by several foreign governments and civil society organisations. It was certainly a talking point during the visit of Hillary Clinton, former U.S. Secretary of State, to Angola in August 2009. Fourth is the evolving landscape. One oft-cited factor Angola's reluctance to join EITI has been the hypocrisy of Western governments that preach what they would not practise themselves. This justification now appears redundant since key governments like the US and UK have now committed to implement the MSI.

Table 1: The EU and US Reporting Standards in a Nutshell

Issues	EU Rules	Dodd-Frank 1504
Scope	<ul style="list-style-type: none"> • <u>Companies</u>: EU and non-EU large oil, gas, mining and forestry companies, privately or state-owned companies, parent or subsidiaries companies, listed on EU regulated stock markets; and companies with depository receipts. • <u>Activities</u>: exploration, prospecting, discovery, development, extraction and payments from the logging of primary forests. • <u>Payments</u>: taxes, royalties, fees (including licence fees), production entitlements, bonuses, payments for infrastructure improvements. 	<ul style="list-style-type: none"> • <u>Companies</u>: US and foreign oil, gas and mining companies, privately or publicly owned, listed on the US stock exchange, as well as subsidiaries where consolidated in the parent company's financial statement. • <u>Activities</u>: exploration, extraction, processing, export, or the acquisition of a licence for any such activity involved in the commercial development of oil, gas or minerals. • <u>Payments</u>: taxes, royalties, fees (including licence fees), production entitlements, bonuses, dividends and payments for infrastructure improvements.
Disaggregation	<ul style="list-style-type: none"> • <u>Level of Disclosure</u>: reporting required for each project²⁷ in each country where firms operate • <u>Level of government</u>: payments to be disclosed include those made to any national, subnational or local authority, department, agency, or undertaking controlled by a government authority such as SOEs. 	<ul style="list-style-type: none"> • <u>Level of disclosure</u>: reporting required for each project, to each foreign government. • <u>Level of government</u>: payments made to be disclosed include those made to any national, subnational such as the government of a state, province, county, district, municipality, or territory under a foreign government.
Materiality	<ul style="list-style-type: none"> • Disclosure of any payment worth at least 100,000 Euros, whether made as a single payment or a series of related payments, in money or in kind. 	<ul style="list-style-type: none"> • Disclosure of any payment worth at least US\$100,000, whether made as a single payment or a series of related payments.
Exemptions	<ul style="list-style-type: none"> • Parent companies of small and medium firms unless 	<ul style="list-style-type: none"> • No Exemptions

Source: RWI (2011); US Securities and Exchange Commission (SEC) (2012); EU (2013); PWYP (2013).

²⁷ Article 41 (4) of the EU Rules define "project" as "the operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities with a government."

Globally, EITI has informed a number of other ORT initiatives. Both Dodd-Frank 1504 and the EU Rules draw from the new EITI rules adopted in May 2013, except that unlike EITI the first these ORT initiatives are mandatory, and in the case of the EU Rules, extend to the forestry industry (see Table 1 above). There is also an argument that constructive engagement with EITI by new emerging oil consumers like China can foster greater transparency in the sector. As Lord Malloch-Brown, a former British Minister of International Development, put it:

“China's full support for and engagement with the Extractive Industries Transparency Initiative would not only be hugely symbolic but would make a real practical difference. It would be a big push towards much greater transparency in [...] oil markets. The point is that a common approach will only be effective if it is just that – common. It is bound to be weakened if we apply different standards as donors and partners on working conditions, labour conditions or debt sustainability or standards of governance in different individual countries. But for none of us, least of all China, working together in this way, shouldn't be seen as a sacrifice of agenda” (quoted in Guoqiang et al 2009: 49).

As argued elsewhere, this proposition - that China's involvement with EITI can be a game changer - remains unproven, partly because of EITI's own track record (Mouan 2010b). Before making sense of this argument, one revisits the BP incident that shook the global oil industry in early 2001 together with the achievements of EITI's other precursor, PWYP.

The BP Incident

Interviews with key informants suggest that on the whole, the BP incident had three main consequences: on individual companies, the global ORT agenda, and in Angola – the latter examined in Chapter 7. Reflecting on the incident, one source suggested that this event “encouraged” his oil firm to take on a leading role in the promotion of the ascendant norm. The company had been enmeshed in scandals, and at the time had begun “a soul-searching exercise” to re-think its responsibility towards human rights, sustainable development and its relationship with governments. For his company, the lesson emerging from these controversies was that “one needed to try and learn to anticipate more the sort of issues which were arising in society - or which would catch you

out.” In this regard, ORT “fitted in a more strategic thinking about how a company can assist countries to get in to a more secure governance footing.”²⁸

Beyond individual IOCs, the BP incident highlighted collective action problems in relation to governance issues – the idea that “most companies would benefit from improved governance in host countries, but companies may be reluctant to pursue governance initiatives because they may potentially suffer individually as a result” (Frynas 2010: 167). In the words of an INGO official, “the BP incident was an illustration that you would not just expect one company to voluntarily or unilaterally publish”, but what one can do, is “to try and influence the international rules and norms that apply to all countries.”²⁹ This is an argument shared by INGOs and companies alike. GW did make this position clear on several occasions, including in its 2002 report *All the Presidents Men* from which the catchy phrase “publish what you pay” was derived (see GW 2002: 39). Lord Browne who was BP’s Chief Executive Officer at the time also wrote that “clearly a unilateral approach, where one company or one country was under pressure to ‘publish what you pay’ was not workable.”³⁰

Despite this consensus on the need for a common approach, there were opposing views on the best way forward. Campaigners pushed for a mandatory option that would place the onus of disclosure on oil companies, as it was felt that “change in this respect was possible and realistic” (van Oranje and Parham 2009: 30). Oil companies, on the other hand, advocated for a voluntary and government-led approach to disclosure. These debates on the type of regulation and who should bear the onus of disclosure led to the current hybrid regime: with EITI emphasising a voluntary approach to disclosure-based regulation; and PWYP advocating for mandatory disclosure rules.

PWYP

Above all, transparency’s emergence in the global oil industry was made possible by influential INGOs who took advantage of the trends highlighted in the research on the resource curse, their past experiences and expertise to shape the debate on good resource governance and frame it around the norm of transparency (Benner et al 2010;

²⁸ Interviews, 23 September 2009 and 1 February 2010.

²⁹ Telephone interview with Western INGO representative, 7 March 2011.

³⁰ See <http://eiti.org/eiti/history>.

Gillies 2010). These initial London-based leaders - GW, TI, Save the Children UK, Oxfam UK, CAFOD and Open Society Institute (since 2011 renamed Open Society Foundation (OSF)) - had acquired (1) language that already resonated with broader publics; (2) normative and moral legitimacy – presumably dependent upon their reputation as “providers of objective expertise” or “disinterested’ third party’ actors (Price 2003: 589) - ; but also (3) a critical mass of support at the international level. They had nothing in common, except perhaps their geographical location and “ideational commitment” (Finnemore and Sikkink 1998: 898) towards increased ORT, which emanated from their shared objectives - of promoting CSR, conflict prevention, poverty reduction and good governance – as well as from the fact that this was “a niche issue that was not being tackled by other NGO campaigns and was not on the agenda of governments and the business community” (Van Oranje and Parham 2009: 34).

PWYP was created specifically “to assist citizens of developing countries in holding their governments accountable for the management of natural resource revenues [...] by campaigning for greater transparency and accountability in the management of revenues from the oil, gas and mining industries” (ibid: 27). Although the ultimate objective of PWYP had been to get governments rich in natural resources to publish payments received from extractives sector companies, the coalition primarily targeted oil companies from Europe and North America because these were more vulnerable to pressure change, and because “it was felt that change in this respect was possible and realistic” (ibid: 30). The coalition thus called for the full disclosure of payments – taxes, fees, royalties, bonuses and other financial transaction -, made to every developing country of operation, by corporations that are listed on ‘home’ country stock exchanges and subject to these countries’ and international accounting regulations (ibid: 28-30). To push this agenda forward, members of the coalition, either individually or as a group, have continually garnered or made use of information, persuasion and moral pressure³¹ with some success and trickle-down effect. In fact, as one commentator remarked,

³¹ This is consistent with Keck and Sikkink’s (1998: 16) conceptual mapping of GCS work. These authors have divided GCS activities into four categories: ‘information politics’ – gathering and providing information, and dramatizing facts by using testimonies -; ‘symbolic politics’ – using symbolic events and conferences to publicize issues -; ‘leverage politics’ - linking issues of concern to money, trade or prestige and persuading more powerful governments or institutions to exert pressure - and ‘accountability politics’ - reminding governments or institutions of living up to previously endorsed principles.

“There is little doubt that organisations such as Revenue Watch, Global Witness etc contributed decisively in adding important provisions of the Dodd-Frank legislation in the USA, and those contributions were built in part on their specific attention to the corporate sector’s dealings with Angolan elites. We now see the momentum continuing, thanks in no small part to policy activists such as the Tax Justice Network, toward “obligatory” corporate responsibilities in respect to reporting country-by-country, in respect to “Base Erosion and Profit Shifting” (i.e., transfer pricing and secrecy jurisdictions).”³²

In Angola too, PWYP members played a key role in awareness raising among civil society groups, in garnering the support from the Angolan government on ORT, and influencing IFIs’ attitudes towards the latter. But there is an overwhelming consensus that they did not live up to expectations. As a matter of fact, the international campaign for increased revenue transparency in the petroleum sector never gained the same traction and urgency as that on ‘conflict diamonds’ conducted only a few years earlier.

Analysts attribute these limitations to the utility of these two resources, specifically, to the fact that ordinary Western citizens use petroleum in their day-to-day activities unlike diamonds which tend to be the preserve of a wealthier constituency (Benner et al supra: 293; Gillies supra; Shaxson 2008). A second oft-cited constraining factor is the character of the oil industry as an opaque, high-capital and highly competitive business difficult to regulate, with many industry players and analysts proffering that the mandatory approach advocated by the PWYP coalition was costly and undeniably against the special interests of industry players. Third was the nature and technical complexity of the issues at stake. As Gillies (2010) rightly noted, ORT did not involve “bodily harm to vulnerable individuals or ‘legal equality of opportunity’ that “speak to aspects of belief systems or life experiences that transcend a specific cultural or political context”, and are more likely to facilitate the emergence of new norms (Seck and Sikkink 1998: 204). Its technical and complex nature rendered the subject remote and far-fetched especially considering that in most target states, citizens are engaged in a daily battle to access more pressing, basic needs - a critique accepted by insiders and outsiders.

The last point was reinforced in a 2013 independent review, which suggested that the location of coalition members’ organisations in the capital was creating “considerable challenges to enabling local organisations from fully participating in the national campaign (Batchelor and Hearn 2013: 11). The same document revealed that “coalitions

³² Communication with senior Western international development analyst, 12 February 2013.

were stronger at convening than they are at community building” (ibid: 13). Most significantly, it conveyed the criticism that “there was there was no systematic monitoring of the context – beyond the monitoring of the EITI implementation” (ibid: 8). As Chapter 8 will show, similar shortcomings caused PWYP’s downfall in Angola.

The ORT agenda has now evolved to include mandatory initiatives; a new development which must be credited in part to the coalition. PWYP’s own agenda has also evolved, perhaps in recognition of the limitations of its approach. It now centres its advocacy work of five pillars: (1) publish why you pay and how you extract; (2) publish why you pay; (3) publish what you pay; (4) publish what you earn and how you spend; (5) publish what you learn (PWYP 2012). The task in the few years to come would be to assess whether and to what extent this approach brought about systematic changes.

Myths and Realities of EITI

EITI has developed from an idea promoted in Tony Blair’s speech at the WSSD Summit in 2002, into “the most broadly recommended policy response to the poor governance records in resource-rich states and their damaging developmental effects” (Gillies and Heuty 2011: 26). It is a global standard-setting MSI comprising governments, companies, investors, civil society, IOs, and premised on the idea that by strengthening transparency of natural resources, this “can reduce corruption, and [...] revenues from extractive industries can transform economies, reduce poverty and raise the living standards of entire populations in resource-rich countries”³³.

³³ EITI Article of Association, Article 2.2.

Box 1: Expected Benefits of EITI

- Political, social and economic stability
- Trust
- Empower reformers
- Improved levels of access to foreign aid, private capital and debt relief
- Improved investment and business climate
- Improved decision-making and efficiency
- Enhanced country's international legitimacy and reputation
- Greater understanding of problems related to public administration
- Increased transparency
- Improved public accountability and responsiveness in the public service
- Less corruption and rent-seeking opportunities
- Poverty reduction
- Improved availability and public access to information about the extractives sector
- Increased Public participation
- Empowered civil society and citizens voices
- Lower transaction costs and increased profitability for firms
- Long-term security of investments for extractive industries sector
- Enhanced company's credibility and reputation
- Improved relations with civil society and governments for investors and companies
- Reduced risk of litigation under the FCPA and OECD Corruption Convention
- Effectiveness of aid
- Increased credibility of donors

Sources: EITI (2008, 2011); Bracking (2009); Acosta (2010); Mainhardt-Gibbs (2010); Aaronson (2011); Dykstra (2011); David-Barrett and Okamura (2012);

More detail on its process can be found on its website³⁴, but in a nutshell, it is contingent on interested countries committing to a set of criteria, including committing to work with civil society, before gaining 'candidate' status. Following this, extractive industries companies, private or state-owned, are required to make public all 'material' revenues paid to governments, governments to make public those payments, and an independent and credible administrator to reconcile the figures disclosed applying international auditing standards. A reconciliation report containing opinions on any discrepancies that may have occurred is expected to be published within eighteen months of the publication of the data, and then validated within two and a half years (EITI 2011). The governance of this process is overseen by an international board. Its implementation is funded through

³⁴ Please refer to <http://eiti.org/eiti/implementation/signup>.

a country's government; a World Bank-managed Multi-Donor Trust Fund, or by multilateral and bilateral donor agencies.

Box 1 contains a summary of EITI's expected benefits, many of which highly hypothetical but also benchmarks through which the initiative's track record has been assessed. The main highlight is that although the MSI holds out the promise of benefits for each stakeholder group engaged in it, its 'win-win' model presents governments and citizens of resource-rich countries as its primary beneficiaries. The Box shows that besides the potential for learning, benefits for implementing countries are mainly from an economic nature; that is, centred on the potential increased level of access to rents from foreign aid, private capital, FDI or tax income and lower borrowing costs. This is confirmed by reports of an increase of government take from 63 to 75 per cent annually or a US\$18-million debt write-off since the creation of EITI reporting in Nigeria (Ahmed 2010; Shaxson 2009), and the widely held view that certain African EITI member countries joined in order to be eligible for Heavily Indebted Poor Countries (HIPC) debt reduction (see Chapter 6).

For citizens and civil society groups, benefits from EITI come from "increasing the amount of information in the public domain about the revenues that governments manage on behalf of citizens, thereby making governments accountable"³⁵, presumably because information disclosure can act as "a stimulus for action" (Heald 2006: 61) by enabling disadvantaged groups to make their voice heard freely and effectively, thereby provoking a positive response on the part of governments and companies and increasing the level of trust between the different groups. In places like Cameroon and the Republic of Congo, many attribute the growing civil society participation and engagement in the public discourse on natural resources management with EITI. According to one Cameroonian CSO representative, "simply the fact that people are able to talk about these [oil] issues is a big achievement. Some years back, you could not even talk about the money, but now it is possible."³⁶

Thus far, assessments of EITI's track record show questionable and oftentimes opposing and inconclusive results. Underpinning these differing outcomes are methodological and measurement challenges (Gillies and Heuty 2011). Beyond these matters, standard

³⁵ <http://eiti.org/eiti/benefits>.

³⁶ Interview, Yaoundé, 18 August 2010.

critiques of EITI usually revolve around a) its membership and narrow focus on revenue payments; b) the usefulness of the data; c) the voluntary nature of the initiative; d) its reliance on weak civil society; and finally, e) the fact that it has “let some nasty governments off the hook.”³⁷ Many, including former insiders, believe the validation process to facilitate this last dynamic. Speaking in April 2010, one investor who formerly served on the International Board found “depressing” the fact that only 2 candidate countries (Azerbaijan and Liberia) out of 22 had completed the 2010 validation process, while 17 out of 19 had an extension³⁸. Explanations on these extensions were not quite clear and the decision itself was denounced by groups like HRW which argued that “lack of political commitment and wilful neglect shouldn’t be used as excuses to get more time” (HRW 2010).

The International Secretariat’s stewardship and attitudes are further sources of conflicts. Reflecting on its admission and validation process ahead of the release of the report of 2010 validation of EITI in Cameroon, one NGO official cited “pressure” from the Secretariat to conform with its decision to validate the process in Cameroon, even though the main EITI report produced by the government had not yet been properly analysed by domestic civil society groups. According to this informant, this incident illustrated the extent to which the Secretariat would go to admit to the MSI even those countries that pay “lip service” to its process in order to ensure that the standard “remains visible”³⁹. Lately, it is the International Board’s decision to acceptance Ethiopia’s application for candidature that was contested by some civil society groups who accused the Ethiopian government of political repression and the EITI International board, of “removing the bar for Ethiopia” (Lefkow 2014) and possibly “dignifying mining corruption in Ethiopia” (Mariam 2014).

There is also the question of unrealistic expectations and the idea that EITI’s challenges may be of its own making. Comparing transparency to a screwdriver, “a tool designed in practice to perform one specific function”, another former insider argued that one of the main challenges of EITI is that it “has implied in the past that it is more than just a screwdriver (which it had to do, in order to get global support).” In actual fact, “I don’t see a strong will in the West or China to take on the governments of resource-abundant

³⁷ Personal communication with Western transparency advocate, 7 March 2013.

³⁸ Interview, 26 Avril 2010.

³⁹ Interview, Yaoundé, 18 August 2010.

countries, however corrupt they may be, and irrespective of whether they are in the EITI or not (compare Azerbaijan and Angola, for example).⁴⁰

Experts imply that it was predictable that EITI's stakeholders would have different expectations of the MSI and divergent interests that would be influenced by their own "sector-specific rationales" (Peters et al 2009). Unfortunately, these self-interest motives turned out to be much stronger than the common goal pursued leading to detrimental unintended consequences. To the extent that it seems to be reinforcing power asymmetries that analysts say lead to rent-seeking and other patterns identified in the resource curse literature. Notably, whereas governments, extractives sector firms and donors are shoring up their international reputation through their association with the standard, many civil society groups are increasingly persecuted. To the point where one vocal Nigerian activist questioned, in relation to the lack of positive impact of the EITI reform process on human development in his country: "if Nigeria is a global case study for EITI, then isn't it that EITI has failed? Is it not unfortunate that Nigeria is being used as something that is transparent? Is it not just a PR [public relations] exercise?"⁴¹

SUMMARY AND CONCLUSIONS

This second chapter aimed at exploring further the global political and normative context of ORT emergence and application, as a general grounding for the analysis on ORT norm socialisation and meaning in Angola, from the perspective of the transparency norm promoters. It has highlighted the contradictions and contentions that characterised the normative and political context of ORT emergence in the African oil industry, but as it shows, this must be qualified. For, in spite of the ambiguities and contradictions embedded in the notions of good governance, CSR, energy security and human rights⁴², it is clear that ORT benefited from the "logic of appropriateness" of these preceding norms (Olsen 1997; March and Olsen 1998; Olsen 2007; Finnemore and Sikkink 1998)⁴³, and

⁴⁰ Personal communication, 21 May 2013.

⁴¹ Personal communication, 10 March 2013.

⁴² Peter Stork (2007) argues that whilst at one juncture human rights seek to transcend violence as it violates human rights and dignity, on the other, nationally and internationally, human rights depend on violence as the legitimating authority for the enforcement of human rights law.

⁴³ Olsen (2007: 3) writes that "the logic of appropriateness is a perspective on human action". To act 'appropriately' he adds, is "to proceed according to the institutionalized practices of a collectivity and mutual understandings of what is true, reasonable, natural, right, and good. Actors seek to fulfil the obligations and duties encapsulated in a role, an identity, and a

that it is now “playing a big role and changing the way things work” (Gillies 2010: 118 citing a World Bank official).

Periods of crisis were essential to create momentum around the norm, and Gillies (2010) foresaw that promoters’ self-interests would determine the norm’s evolution. The Dodd-Frank and EU Rules launched during this post-2007-08 global economic and financial crisis context validates this point. Undeniably, the effect of the crisis on the global commodity markets and the international balance of power was an added impetus for stronger regulation of financial and oil markets, leading to stronger regulatory rules (Collier 2008: 2). This is consistent with the argument that responses to deficits in societal governance faced by developed countries often occur either at a time when their economies suffer an economic crisis “with companies closing and serious social exclusion problems” as in the case of the UK; or “out of a combination of longstanding advanced welfare state traditions and innovative practices in response to new challenges faced by industry, government and society due to increasing globalization” as in Norway (Albareda et al 2008: 354).

On the other hand still, the foregoing analysis of EITI demonstrates that despite the adoption of new rules, its legitimacy remains constrained by promoters’ desire to protect the EITI ‘brand’. But at whose expense? Answering this question of course requires an assessment of the interests and objectives affecting the norm’s or ORT initiative’s application given that these are not always shared by all actors involved, not even among sectoral actors – a qualification that will become clearer in the examination of IFIs, IOCs and GCS in Chapters 6 to 8.

Ultimately, the efficacy of transparency in targeted countries depends on, and is shaped by global politics as well as the norms, capacities prevailing within these countries (Florini 2010; Brown and Michael 2002). It is at this level that the ‘win-win’ model promoted by the ORT norm can be evaluated. In Nigeria, the challenges that NEITI sought to address are said to be a product of colonialism⁴⁴, suggesting that understanding histo-

membership in a political community. Rules are followed because they are perceived to be adequate for the task at hand and to have normative validity.”

⁴⁴ Communication via Skype, March 2013.

ry should be the starting point. This too, is the starting point of our analysis on ORT in Angola.

CHAPTER 3

VIOLENCE, OIL AND CORRUPTION: ON THE ORIGINS OF BAD GOVERNANCE AND UNDERDEVELOPMENT IN ANGOLA

“Much of this poverty is unnecessary poverty. It is poverty borne out of corruption!”

BBC journalist Stephen Sackur, in his interview with George Chikoti, Angolan foreign minister, broadcast on 28 February 2012.

“We have a serious problem, a heavy legacy from the colonial times that is underdevelopment.”

Angolan President Jose Eduardo dos Santos in an interview with SIC Noticias journalist Henrique Cymerman, broadcast on 6 June 2013.

“Here, even the past is unpredictable.”
Messiant (1998)

Having set out the theoretical debates around oil governance in Africa, and after locating the emergence and development of the oil revenue transparency policy norm within its global context, a crucial task remains, i.e., to elaborate on the origins of the policy norm, on its diffusion and effects at the national level. That is the objective of this chapter henceforth. In particular, the current chapter concerns itself with the circumstances that propelled Angola at the centre of the global extractive industries transparency movement.

Earlier international perceptions of Angola as one of the world’s most corrupt states and one cursed by its natural resource wealth were instrumental in rendering this African petro-state a fashionable topic in the twentieth century. Yet it was argued in Chapter 1 that how ever useful concepts such as ‘failed state’ and ‘resource curse’ may be as shorthand for the pathologies associated with African post-colonialism and petro-statehood, they do not offer a comprehensive explanation to the development path followed by these post-colonial oil-rich states. This chapter highlights two main defining

aspects conditioning the genesis of present-day Angola: the civil war and elites' governance of the oil sector. First, the general overview provided here of the origins of underdevelopment and 'bad' governance in Angola underscores the cultures of violence and corruption resulting from nearly three decades of a vicious and internationalised civil war. The chapter traces the origins of the conflict back to Portuguese colonial rule and internal divisions that conditioned the struggle for national liberation; while presenting it (a) as an instrument for the cover up and rationalisation of the diversion of resources, and (b) a shield against international and national demands for transparency and accountability. Second are the foundations and early self-regeneration of the ruling elite. With deep roots in the historic Luanda Creole community, this elite has traditionally been centred around the President and to a lesser extent the ruling party, the MPLA. The party emerged as a Marxist-Leninist party that was inherently non-democratic, elitist and centralist and owes its advantage to the fact that it has had a great deal of discretion over the utilisation and distribution of oil and other state resources, and very limited competition at least in the first 17 years after independence.

The argument here, therefore, is that oil reinforced rather than generated the patterns linked to the resource curse phenomenon in Angola. This explains why oil's centrality to Angola's (bad) governance is only treated in the second section. On a cautionary note, the reader should be mindful of the fact that any study of Angola must be viewed as an "exercise in scepticism", for, "there is little that is entirely indisputable" (Aguilar 2001: 1 citing Wheeler and Pélissier 1971).

THE ANGOLAN CIVIL WAR: CAUSES, ACTORS AND DYNAMICS

While it is debatable how the aforementioned legacies of Angola's contemporary political economy have interacted over time and what degree of causal significance might be ascribed to any one of them (Chabal 2007: 2), the overwhelming consensus is that the civil war has been the most important factor of change in twentieth century Angola. As shown below, it owed much "to the prevalence of pervasive violence in economic and political relations throughout colonial rule and its aggravation from the beginning of a war of independence in 1961" (Le Billon 2001: 57).

The Birth of an African Petro-State

Despite early attempts at resisting colonial occupation during the so-called “wars of pacification” since the sixteenth century, Angola came under full Portuguese military and administrative rule in the twentieth century. Until then, rulers from the Mbundu-dominated kingdoms around Luanda and the neighbouring coastal areas traded slaves – and subsequently as palm oil, ivory and rubber - in return for imported European, American or Asian goods. The trade contributed to the integration of Angola in the Atlantic economy and the development of strong commercial, social and political links with Europe and America (Newitt 2007: 19; S. Roque 2009: 30-31). Simultaneously, it strengthened the position of the Luanda Creole community which has dominated Angola’s postcolonial political economy, despite the various transformations to the configuration of clientelist power which have occurred since then. The extractive system and socio-economic relations erected during this pre-colonial period were eventually extended and institutionalised in the early twentieth century, notably under Jose Ribeiro Norto de Matos, the first Governor-General (1910-1926), who was famously described as the “chief architect of the extractive system’s extension through Angola, and of its regulating principles and practices” (Davidson 1975: 120).

Three features distinguished Portuguese colonial policies from their French and British counterparts. The first were the unusually cumbersome and autocratic political and administrative systems that existed, neither of which conducive to the preparation of self-governance. Quite the contrary, this rigid form of rule had the debilitating effect of depriving Angolans of the opportunities to express their political ideologies and learn the skills that would have enabled them to take over the responsibility of running future post-independent states. Second was the colonial regime’s economic outlook. This regime was centred around foreign capital, the exploitation of Angola’s mineral and agricultural resources, forced labour, peasants’ and workers’ taxes which constituted about 68 per cent of government revenue in 1948 (Heywood 1987: 184). In spite of this, it is only in the early 1950s that Angola’s industrial development really began following a massive injection of capital investment (of around US\$48 million per year) between 1953 and 1955 (Heywood 1987: 67). In fact, such was the degree of economic prosperity and “repertoires of functional statehood”⁴⁵ that these last ten years of colonialism are commonly referred to in Angola nowadays. There were significant increases in state

⁴⁵ Ricardo Soares de Oliveira, speaking at an event on “The Return of the State in Post-War Angola”, University of Cambridge, 1 March 2010.

investments on health, education, and infrastructure and a number of laws and regulations came into effect that brought in certain reforms in politics, education, labour and religion.

Still, while “Angola was given greater political and economic autonomy [...] the undercurrent was in fact the opposite direction” since Governor-Generals instead acquired “quasi omnipotent powers” that they used to control the population (Croese 2013: 67 citing Wheeler and Pélissier 1971: 111-13). In that sense, the accelerated modernisation process that brought about remarkable economic growth paradoxically did also have major political and social ramifications. For, besides intensifying latent conflicts between whites and blacks, peasants’ resentment of colonial-style agriculture and its undercurrents – including the use of white settlement, forced migration, land expropriation – this modernisation engendered virulent rivalries between different colonial peoples with different experiences of exploitation (Birmingham 2002: 140).

Third, to make matters worse, Portugal pursued a French-style assimilation strategy that classified the population into two groupings: “assimilated” (*assimilados*) - whites, *mestiços* and Africans who were considered civilized -; and “non-assimilated” (*nao assimilados*) - Africans and *mestiços* not adjudged to be civilized (Bender 1978: 149-50)⁴⁶. The policy played a crucial role in the distribution of social and economic opportunities, mainly at the expense of non-assimilated who were excluded from private and public sectors of colonial society. Together with the other exclusionary patterns of governance, this strategy of social exclusion did, in turn, create a climate of distrust and conflict that came to shape the nationalist movements that fought the anti-colonial struggle and later defined the civil war.

Besides colonial policy, the modalities of Angola’s decolonisation process contributed to create the conditions under which Angola would be governed during its post-independence years. This was a particularly tumultuous decolonisation process on

⁴⁶ The policy stipulated that to become an *assimilado*, one had to be eighteen, be able to speak and write in Portuguese, be able to display stipulated levels of Portuguese culture and economic independence; all criteria that could be raised or lowered to regulate admission into the colonial elite. Whilst almost all Africans of Portuguese descent were accorded this status, Bender notes that the legal and social distinctions were such that only few Africans had access to the institutions that could impart Portuguese civilisation and thus could not have the status of *assimilados* (Bender 1978: 153). Overall, less than 100,000 Angolans were given the status of *assimilados* by 1960, including the leaders of the three main nationalist movements (see Newitt 2007: 53).

account of (a) the duration of the anti-colonial war (from 1961 to 1975); (b) the progressive development of political mobilisation and radicalisation of dissent which by 1962 took the shape of guerrilla warfare; and (c) the nationalist competition that characterised pre-independence Angolan polity. In effect, unlike in Mozambique and Guinea Bissau where nationalist movements were able to put a united front against Portuguese rule, Angola found itself more divided than ever, with three rival nationalist movements split along ethnolinguistic, geographical, racial, class and religious lines, and each one with a distinct ideology and pool of external backers.

The ruling party, the MPLA, emerged in the 1950s as a socialist movement influenced by Marxist-Leninist principles developed through links with Portuguese socialist groups and the support of the Soviet Union and Cuba (Le Billon 2007: 101-02). The MPLA was originally composed of Mbundu, *mestiços* and white intellectuals, some educated in Europe and others in Angola's Protestant mission-run schools. In Angola, the movement drew support from groups attending the Methodist Church and living in and around the coastal city of Luanda.

The second faction was the National Liberation Front of Angola (*Frente Nacional de Libertação de Angola* – FNLA)⁴⁷. Founded in July 1956 by groups originating from the Kongo Kingdom and based in Leopoldville (now Kinshasa), the FNLA primarily enjoyed the support of members of the Bakongos – Angola's third biggest ethno-linguistic group - who have links with the Baptist Church and whose traditional homeland was in the north west of Angola. While the MPLA adopted progressive, multiracial and national values, the FNLA espoused a micro-nationalist, almost tribal stance based essentially on traditional Bakongo values. It established a revolutionary government in exile in Leopoldville which received recognition and support from the Organisation of African Unity (OAU) in 1963, from China, the United States, Apartheid-South Africa and Zaire (Birmingham 2002: 142).

The third guerrilla group, the National Union for the Total Independence of Angola (*União Nacional para a Independência Total de Angola* - UNITA), was formed in 1966 by a group of disgruntled FNLA members in the Moxico Province of Angola. Led by its charismatic leader Jonas Savimbi, UNITA claimed to be the true representative of the

⁴⁷ Previously the Union of Peoples of Northern Angola (*União das Populações do Norte de Angola* – UPA).

Angolan people because of the considerable support it received predominantly from the Ovimbundu - Angola's largest ethno-linguistic group - who were based in the central highlands and connected to the Congregationalist church.

Together, the three rival movements never really posed a serious military threat to the NATO-backed colonial regime, a fact that partly explains why the low-intensity liberation war ended with no decisive military outcome. The support and power that each movement acquired from different strata of society laid the basis for their exclusive claims for power (Guimaraes 2001), while at the same time limiting their ability to gain national popular legitimacy so as to be recognised as the legitimate successor to the Portuguese colonial power. These ethnoregional divisions were compounded by Portugal's counterinsurgency strategies, along with political and operational difficulties emanating from within the factions, to the extent that "the competition was within movements as well as between them, and it was as much one of ideas, personal commitments, and organisational capabilities as one of ethnic loyalties" (Minter 1988: 9).

Eventually, the end of Portuguese colonial rule was triggered by two inter-related external developments, namely, the success of the anti-colonial movements in Mozambique and Guinea-Bissau, and the overthrow of the Salazarist regime of Marcello Caetano on 25 April 1974. The transition to independence began soon after the signature, by Portugal and the three guerrilla factions, of the Alvor Agreement in January 1975. This truce proved to be short-lived though, as disunity and distrust among the warring parties persisted and fierce fighting for the exclusive control of the capital Luanda (and thus, of central government), broke out in July 1975. Many lamented the intensity of this "second war of independence" (Birmingham 2002: 145), with some Angolan Christian churches qualifying it as a "tragedy never before experienced", because "our Nation lost more people during the 1975 confrontations than were lost in the first war of national liberation" (CICA 1984 cited in Comerford 2009: 165). Ultimately, Soviet military hardware and Cuban manpower tipped the balance of power in favour of the MPLA, allowing the latter to capture Luanda, where it declared the independence of a People's Republic of Angola on 11 November 1975. This marked the end of the first of three phases of the Angolan civil war.

Cold War Politics, Economic Instability and Political Fragmentation in the Socialist State

Far from bringing in peace, therefore, the MPLA's victory and declaration of independence only contributed to sharpen the divisions that were erected during the colonial period. After losing the battle of Luanda to the MPLA, the FNLA and UNITA retreated to rural areas in the North and South respectively, where they continued to challenge the MPLA's authority with the support of their respective external backers. By 1976, the FNLA ceased to operate as a credible movement. UNITA, in the meantime, emerged as the guerrilla movement that won the war in rural areas, helped by the extensive backing of South African troops and American aid; whereas the MPLA remained confined to the coastal strip and urban centres (Munslow 1999: 551).

Observers stress that whilst the involvement of Cold War opponents was dictated by geopolitical interests, these interests were above all instrumentalised by domestic political actors willing to exploit the bipolar competition to fulfil their objectives. In the words of one senior UNITA representative, the Cold War was only "a cover up" for what each belligerent to the civil war was looking for, which in the case of UNITA, he claimed to be "the transformation of society into a more pluralistic society"⁴⁸. This was not unique to Angola. In fact, Clapham (1996: 48) is explicit that it was a common phenomenon in sub-Saharan to have African governments seek "international alliances through which to obtain the arms and diplomatic support needed to maintain their conceptions of statehood." The fact is, nonetheless, that the presence of these external actors accentuated the political and economic crises that the country was experiencing during the course of this internationalised conflict.

It is in a context of an urban/rural divide and wider political fragmentation of the country into two enemy camps that the MPLA received international recognition (except by the United States and Zaire), that it officially adopted Marxism-Leninism and a centralised management rooted in its former stature as a national liberation movement. Under the leadership of Agostinho Neto, the country's first president, the party sought to establish a strong state that would "eliminate the various deficiencies and injustices inherited from colonialism, integrate cultural and regional diversities, rehabilitate the socio-economic 'relapse' and accelerate development" (Pacheco 2006: 2). State-led development was

⁴⁸ Interview, London, July 2012.

however constrained by a number of difficulties right from the outset, one being lack of human capital. Indeed unlike in Mozambique where more well-educated settlers stayed after the departure of Portuguese colonial authorities, the lack of sufficient investment on education and the abrupt mass departure of Portuguese settlers culminated to create a shortage of a skilled labour force, thereby hastening the breakdown of the Angolan economy and administrative capacity. Most non-oil sectors were distorted following years of conflict, financial pressures and lack or decay of infrastructure. Above all it is these deficiencies that led to the crisis of governance Angola experienced during this period, rather than its dependence on oil as some resource curse theorists suggested.

As such, nationalisation remained the only means through which the new government could maintain economic activity (Aguilar 2001: 4), and hereafter, it became the main supplier and distributor of consumption goods. Unfortunately, all attempts to revive the economy largely failed despite the assistance of technicians from Soviet Bloc states. The “gulf of incomprehension” prevailing between the predominantly urban/multiracial MPLA leadership and the ill-educated/rural black militants complicated matters further (Marcum 1987: 74). Many peasant and factory workers from Lobito in the East to Huambo in the West felt alienated and targeted by the party and as a result, were generally supportive of UNITA (Heywood 1989: 58-59). In the territory it controlled, a brief interlude of pluralism and popular mobilisation under the ethos of *poder popular* (“people’s power”) was soon followed by the suppression of dissent and political opposition, especially after an alleged coup orchestrated by Nito Alves (an Interior Minister under Neto) in May 1977.

The failed ‘coup’⁴⁹ would have far-reaching consequences for the future developmental path of postcolonial Angola. Following these events, the MPLA underwent dramatic transformations. It became a workers’ vanguard party, with party leaders resorting to the purge of its membership in an effort to instil discipline. One scholar recalls that the reprisals against the ‘coup’ leaders were, in his words, “so savage that Angola was set

⁴⁹ The coup seems to have been caused by ideological differences. According to the British journalist Lara Pawson who offers an account of these events in a new book (Pawson 2014), Nito Alves and other factionalists were dissatisfied, *inter alia*, with food shortages, the diminishing space for free expression, lack of distribution of power and high levels of corruption within the party, and business deals signed between President Neto, few of his associates and Western oil companies in 1976 without the approval of the party’s Central Committee, an act which they perceived as ‘anti-Soviet’ or ‘anti-communist’. See Pawson (2007).

on a downward path of spiralling violence far outstripping either the cruelties of the colonial war or the brutalities of the war of intervention” (Birmingham 2002: 153). Aside the human costs though, Moorman adds, the social and political effects of the display of authoritarianism that resulted from the coup were, and still are, “tangible and widespread”. As she argues,

“Self-censorship [...] has been one of the most deleterious effects. Not only do survivors and relatives of those killed remain reluctant to speak out or act politically, but an on-going and generalised fear of openly criticising the government and the party permeates Angolan society. When the party leadership sanctioned the killing and torture of a good number of its own militants, it created a disincentive to political engagement among youth that continues today” (2008: 172).

From these events sprung not just citizens’ disengagement with politics, but importantly, Angola’s centralised authoritarianism. Henceforth, power became concentrated around President Neto, who became head of state, executive head of the government and commander-in-chief of the armed forces, the FAPLA (Sommerville 1986: 56; Hodges 2004: 52). Throughout the 1980s, Neto’s successor José Eduardo Dos Santos created several military organs in charge of coordinating the single-party state’s political and economic activities. This effectively marked the beginning of the integration of close allies of the armed forces into party-state structures and therefore, into its clientelist network. Angola’s Reconstruction Office (*Gabinete de Reconstrução Nacional* - GRN) - famous for its prominent role in the administration of Chinese oil-backed loans - is an offspring of this system⁵⁰. Until it was reportedly dismantled in mid-2010, it was headed by General Helder Vieira Dias ‘Kopelipa’, a close military adviser of the president.

Meanwhile, massive investments in the education and health sectors were progressively curtailed from 1979 onwards (Vidal 2007: 205-17). Unlike in previous years when it was weak at asserting its authority and relied on the population for its legitimacy and support, the MPLA now had enough oil rents and tight political control to become autonomous. As Messiant confined, the party simply “discarded” the general population, “first in the rural areas, which were afflicted by war and had become irrelevant ever since the oil rent made it possible to buy food abroad; then in the cities, where poverty grew over time and political support dwindled” (2007: 96). The provision of basic social services was increasingly discharged to mass organisations, international NGOs and humanitarian organisations, particularly after the withdrawal of Cuban assistance in the late 1980s.

⁵⁰ An overview of this role follows in Chapter 5.

Mass organisations in particular served both as forums for the promotion of the party as the initiator of development and defender of the people (Pearce 2012: 456); and “transmission belts” through which supporters could benefit from patrimonial distribution of state resources (Messiant 2007: 95; Vidal 2007: 130).

In sum, if the Angolan decolonisation conflict was primarily driven by a quest for the liberation from Portuguese rule and the inability of the three main protagonists to share power, this first phase of the Angolan civil war was much more significantly affected by Cold War politics, the country’s political disintegration into two enemy camps, internecine conflicts within MPLA camps, as well as the “cluster of popular grievances” (Marcum 1986: 75) that arose from its neglect of rural peasants and urban poor, and the party’s inability to revive the economy. A major turning point at this first stage of the civil war was the battle for the southern town of Cuito Cuanavale in 1987. This battle was decisive insofar as it set the stage for peace negotiations which culminated first, in the signing of the Bicesse Accord in May 1991 between the two warring parties, then in parliamentary and presidential elections in October and November 1992. President Dos Santos was declared the winner but while accepting the results⁵¹, UNITA rejected the argument that the elections had been free and fair. The sum total of alleged electoral fraud and the international community’s response made the results of the 1992 legislative elections “rather difficult to stomach on the part of UNITA’s leadership”⁵², and a full blown conflict resumed in early 1993.

“The Politics of Disorder”⁵³ in Angola Post-1992

The point was made about the territorialisation of Angola, or its division into two “states” during the civil war. As a matter of fact, the two rival movements (MPLA and UNITA) were similar in more ways than one. Both movements sought legitimacy by asserting a

⁵¹ A common account of events that unfolded after the declaration of results is that UNITA rejected the results, an account which the party leadership has refuted on several occasions. In a 2013 meeting hosted at Chatham House, its leader affirmed that UNITA “contested the 1992 elections but accepted its manipulated results through a letter signed by its leader, Dr Jonas Savimbi, on 15 October 1992” (Isaias Samakuva, speaking at Chatham House, 29 April 2013). UNITA’s acceptance of the results of the elections was indeed referred to in United Nations Security Council Resolution No. 793 of 30 November 1992. See <http://www.worldlii.org/int/other/UNSCRsn/1992/66.pdf> [retrieved 17 August 2014].

⁵² Interview with a senior UNITA representative, London, July 2012.

⁵³ See Kibble (2006).

developmental role that involved the provision of basic services and in that process, created a consensual relationship with the population living in the zones under their control (Pearce 2009, 2012). In the South of the country under the control of UNITA, the party had its own teachers, health professionals, 'civil society'; and it emulated the MPLA by operating like a government-in-waiting, seeking some kind of social contract by offering free education, healthcare, security, in return for farmers' provision of food or their membership to the army⁵⁴. Similarities between the two movements extended to the concentration of power around the leaders, the *modus operandi* of the conflict - which in this instance, consisted of depriving the opponent of human and logistical resources (see Pearce 2012: 453; Heywood 1989: 59) -, and the fact that no movement had the monopoly over violence.

The Bicesse peace process and post-1992 civil war altered these processes in dramatic ways. For one thing, Bicesse epitomises the start of the reversal of fortunes for the belligerents. The agreement, and the process that accompanied it, set the stage for the instrumentalisation of the war in a way that ultimately benefited the Luanda-based elite. They effectively legitimised a one-party form of regime as well as the government's decision to use force against its opponent in Luanda and other cities (Messiant 2007: 100-1). The intention was "to keep on fighting" (Maier 1996: 177) in order to defeat the enemy and consolidate power.

Thus armed with the legitimisation of its government by the international community, and the advantages that such an outcome brought, including unilateral lifting in 1993 of the arms embargo imposed by the U.S. Administration and UN sanctions against UNITA in 1997, the MPLA government henceforth justified its war and military intervention in neighbouring countries, Zaire and the Republic of Congo in particular, on the need to protect and defend its sovereignty. As the party waged its "Battle of the Cities" (Messiant 2001: 291) where confrontations had moved to from rural areas, it became more violent and oppressive. Reports cite its use of landmines, looting, massacres of UNITA soldiers and voters, recruitment of child soldiers, indiscriminate killings, forced displacements, attacks on the press, to cite just a few methods (HRW 1994; Vines 1995; Messiant 2001, 2007).

⁵⁴ Interview with an Angola expert, London, April 2012.

Yet, “the disregard for human life and bodies and the widespread slaughter during the war were associated more closely with UNITA than with the MPLA” (Brinkman 2000: 9). As one knowledgeable source asserted, the MPLA government “never did what Savimbi did to his own people.”⁵⁵ In effect, at the same time that the MPLA was consolidating power, UNITA became increasingly isolated, and its tactics more vicious. Such was the level of brutality and criminality on its part that the party lost credibility, and consequently, its importance and influence in Angolan politics, at least until recently (see Chapter 9)⁵⁶.

From the perspective of civilians, both non-combatants and active participants to the conflict, the post-Bicesse era and last phase of the war (1998-2000) in particular was one of the most violent in the history of Angola. No aspect of life was spared. An estimated 1.5 million people lost their lives often as a result of extreme violence, hunger or disease, and about a third of the population, that is over 4 million people, were displaced. One in three children died under the age of five, prompting UNICEF to declare Angola “the worst place to be a child” (UNICEF 1999). Clinics and hospitals were destroyed, leaving only a small percentage of people with access to the most basic health services, whilst the majority relied heavily on the international community to provide for their basic social services. Landmine infestation – especially in the central highlands - , was among the worst encountered in any post-conflict situation globally, and arguably represented the biggest challenge to resettlement (International Crisis Group 2003). By the president’s own reckoning, the provinces had effectively become “islands”, because most roads and railways were nearly all destroyed or damaged as a result of the war (SIC interview, 6 June 2013). In short, the humanitarian conditions were such that Angola became “the most expensive humanitarian operation in the world, with 10 United Nations’ Agencies, 100 international NGOs and more than 420 national NGOs providing assistance to two million people” (Gomes Porto and Clover 2002: 10).

There is another distinct feature of the “politics of disorder” that reigned during this period of the war, however, which aroused public concern of the MPLA government’s war. It is that which stemmed from the availability and management of revenues generated from natural resources, chiefly oil.

⁵⁵ Interview with former Western diplomat, London, October 2012.

⁵⁶ Interviews with an Angola expert, London, April 2012; and a senior UNITA representative, London, July 2012.

THE OIL FACTOR

One irony of the Angolan civil war is that “the war that destroyed everything, at the same time created wealth [for a few]”⁵⁷. For sure, the war facilitated the formation and flourishing of an “oil nomenklatura” to the extent that neither the acceptance of democracy nor the transition to a market economy that preceded and/or accompanied the Bicesse Accords was incompatible with its economic reconversion (Ennes Ferreira 1995). Revolving around President dos Santos and his close allies, this nomenklatura established absolute economic and political hegemony thanks to several mechanisms: from the manipulation of the exchange rate, to the toleration and instrumentalisation of the black market, inflation, imports, bureaucracy, land reform, the development of joint ventures, access to cheap bank loans, the provision of international medical evacuation and overseas scholarships, weak military procurement procedures and the privatisation of state assets both of which are examined below (ibid; Munslow 1999; Le Billon 2001: 65-66; Hodges 2007: 186-91; Vines et al 2005: 12). In a nutshell, this oil-based presidential patronage system involved domestic players who “appropriated rents though entirely legal means yet without investing their money, or hard work” (Vines et al 2005: 24), as well as external actors. Politically, Le Billon (2001: 64) writes,

“The oil and other state rents have allowed the Presidency to sustain a clientele beyond the military apparatus, building a degree of legitimacy among those rewarded and allowing support or resistance to reforms, according to short-term expediency. This clientelism requires a contractual stability with foreign oil companies ensuring their long-term obedient participation in the system.”

Unsurprisingly, these circumstances inspired research on the character of Angola’s war economy (see, among others, Collier and Hoeffler 1998, 2004; Cilliers and Dietrich 2000; Le Billon 1999, 2001). After all, Angola had become a “successful failed state” as reflected by the extent to which it went on surviving and indeed thriving amidst widespread human destitution (Soares de Oliveira 2007: 596).

This chapter makes no exception to this trend given that this recent history is crucial in explaining Angola’s contemporary political economy. Specifically, this second part examines the reasons why post-independent Angola did not collapse in spite of the dire circumstances it was faced with during its first decades of existence. As should be

⁵⁷ Interview with an Angolan Protestant Pastor, Luanda, August 2010; emphasis added.

apparent from the discussion so far, “petro-violence” (Watts 1999) and neo-patrimonialism form an integral part of the answer to these questions, though one should not omit that these issues are inextricably linked to how the oil sector and Sonangol evolved to become central to Angola’s political economy. In effect, one aspect unique to Angola, indeed, is that ever since crude oil was first exported in mid-1955, the oil sector was for the most part shielded from the chaos of the war. If anything, its output actually increased (see Table 2). This paradox can be explained primarily by the fact that oil activities progressively shifted from onshore areas in Cabinda province to offshore areas between Luanda and the northern town of Soyo where prospectivity proved to be even more attractive. But there were other factors at work too. These included (a) technological changes occurring in the nineties; (b) the increasing privatisation of the civil war; and finally, (c) the pragmatism of the sector’s managers. The chapter now turns to these three factors.

Sector Evolution and Organisation

If the 1990s were for Angola and several other developing countries a “lost decade” characterised by stagnant economic growth, internecine conflicts and financial crises, for the Angolan oil sector certainly, this was a decade of opportunity, success and intense competitiveness. Research and advances in seismic data gathering and deepwater drilling technology pioneered in other oil provinces (in the Gulf of Mexico, Brazil and the North Sea) made it possible to identify the industry’s high potential and reach previously inaccessible oil deposits (Soares de Oliveira 2007a: 206; Hodges 2004: 143). Giant investments, discoveries and signature bonuses followed that not only reinforced the idea of Angola as a new oil frontier, but also instigated talks of it forming the new “Golden Triangle” together with the Gulf of Mexico and a small pool of countries in West Africa (Clarke 2008: 123).

Three sets of factors were of utmost relevance. The first were substantial investments made in the sector by IOCs in the 1980s – from 550 million in 1982 to US\$650 million in 1985 (Bhagavan 1986: 56). These investments led to huge discoveries starting with blocks 0, 2 and 3 operated by Chevron, Texaco and Elf respectively, and to a surge in petroleum production, from the 1978-82 average of 130,000 bpd to 231,000 bpd in 1985. In spite of the 1986 fall in petroleum exports, these initial discoveries and output growth remained a great impetus for subsequent deepwater and ultra-deepwater exploration,

although tax incentives, such as the abolition of the price cap that varied from US\$13 per barrel in 1980 to US\$32 per barrel in 1988 also played a major role (Bindermann 1999: 89).

A second major breakthrough occurred in 1996, when Elf discovered the Girassol field in block 17 located midway between Cabinda and Luanda, in the lower Congo basin. This was followed by a staggering 35 oil discoveries in four of the 17 deepwater blocks (14, 15, 17 and 18) within five years, with the last three blocks being the most productive deepwater blocks to date (Developing Markets Associates 2012: 14). In total, over 70 oil fields with reserves of some 14 billion barrels have been discovered in the Tertiary sediments of the Lower Congo Basin since the discovery of Girassol (Koning 2012: 25).

Table 2: Crude Oil Production in Angola (1980 – 2002)

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Source: U.S. Energy Information Administration (EIA)⁵⁸

A third milestone was achieved after the lease of the country's first ultra-deepwater concessions (blocks 31-34) offshore the lower Congo basin. Incidentally, interest in

⁵⁸ Available at <http://www.indexmundi.com/energy.aspx?country=ao&product=oil&graph=production> [Last accessed on 12 January 2013].

these concessions in the midst of the 1998-99 oil price crisis and at the heights of the raging civil war provoked such a competition that the winning consortia, including those led by BP and Total in blocks 31 and 32 respectively, had to offer US\$935 million in signature bonuses (Hodges 2004: 144)⁵⁹. By the turn of the millennium, the number of blocks allocated had significantly increased, so too did investments in the sector, the number of oil companies participating in exploration and production (E&P)⁶⁰, and the sector's total output, which by the end of the civil war in mid-2002, had risen above 896 million bpd.

The largely offshore location of oil fields and operations reduced visible health and environmental impacts that could have heightened tensions between local communities, the government and the oil business (Clarke 2000: 216; Soares de Oliveira 2007b: 214-16; Heller 2012; Hodges 2004: 151). This insulated the industry from the sort of regular armed disruptions that besets certain oil-producing regions like Nigeria's oil-bearing Niger Delta region. That is, at least until early 1993 when UNITA captured oil-rich Soyo, attacking facilities based in the region and its surroundings. During these attacks, an oil terminal was destroyed, as well as wells, pipelines, storage and tanks. Nine foreign workers were kidnapped, Total's offshore oil platforms shelled and Petrofina's offices looted (EIA 1995: 6; Reed 2009: 73-74). Almost 155,000 bpd of processing capacity was eliminated in January that year, and both Total and Petrofina were forced to halt all production (EIA 1995). In all, almost half billion of assets was destroyed and in Hooper's (2002: 46) words, "not since the withdrawal of their Soviet bloc allies had the MPLA faced a crisis of such magnitude".

In response, Sonangol hired EO upon the advice of Heritage Oil, a Jersey-based oil and gas E&P company. Its mission: to recapture Soyo, train troops from the FAA and direct front-line operations against UNITA (de Beer and Gamba 2000: 14). The PSC was no newcomer in Angola. It had been instrumental to UNITA's capture of much of the Angolan territory when fighting alongside the movement between 1976 and 1988

⁵⁹ Signature bonuses are cash payments made by oil companies in return for lucrative oil contracts. In September 2012, it was reported that more than 34 discoveries had been registered by these two consortia which reportedly hold reserves of 800 million bpd (Developing Markets Associates 2012: 14).

⁶⁰ Between 1993 and 2000, investments amounted to US\$13 billion (Clarke 2008: 122); the number of companies rose from 13 to 30, 14 of which were operators, including Sonangol; and the number of oil blocks increased from just 18 blocks producing 504,000 bpd in 1993 to 29 blocks producing an average of 746,000 bpd in 2000 (Clarke 2002: 198; EIA 2011).

(Hooper 2002: 230-31), and its contribution to the MPLA's military advances and supremacy subsequently could not be underestimated either. Undoubtedly, this "security-led" approach to mineral exploitation (Ferguson 2006: 199-200) and other forms of privatisation of the state were significant in securing the MPLA's victory and fending off threats from the opposition. This included "bottom-up" violence⁶¹ perpetuated in the northern enclave of Cabinda where a small separatist movement, the Front for the Liberation of the Enclave of Cabinda (*Frente para a Libertação do Enclave de Cabinda* – FLEC) has fought a low intensity guerrilla war to win independence for the province since the 1960s.

Another feature which facilitated the sector's growth, and one that arguably distinguishes Angola from other African petro-states, is the pragmatism and dexterity of the sector's managers. One moment that captures the extent of this pragmatism during the civil war was when payments made by American oil companies were used to ensure the protection of their operations by Cuban troops against attacks by UNITA, the US-backed client. This example, combined with Angola's resource nationalism - the way it manifests itself and the mechanisms deployed it -, are reflective of the overall management of the sector which revolves around Sonangol, under the control of the presidency.

In practice, as indicated above, "the oil game revolves around Sonangol and state approvals" (Clarke 2008: 122). The *Sociedade Nacional de Combustíveis de Angola* or Sonangol was created in June 1976 of the negotiated nationalisation of Angol, itself created in 1953 as the Angolan subsidiary of Portugal's first oil company, Sacor (Soares de Oliveira 2007b). Sonangol controls about two-thirds of government oil revenue (Richmond et al 2013: 4). It is the exclusive concessionaire of E&P rights⁶² and until 2008 at least, was a wholly-owned state oil company⁶³. That the company dominates not just the oil sector but Angola's entire political economy speaks of its professionalism and elites' ambitions to sustain and control the inflow of oil rents. This, it should be stressed, is also a consequence of the circumstances - of political and economic distortions

⁶¹ See Keen 1998: 12 on "top-down" and "bottom-up" violence.

⁶² By virtue of the General Petroleum Activities Law (*Law of 13/78* of 26 August 1978) that sets forth the fundamental principles of Angolan Law regulating E&P operations in post-independent Angola. This Act was subsequently amended and enshrined in the new *Law No. 10/04* of 12 November 2004.

⁶³ *Maka Angola* claims that Manuel Vicente, the former head of SONANGOL, "illegally transferred" a percentage of SONANGOL Holdings into his own name in 2008. See Marques (2010).

caused by a prolonged conflict, skills shortage and ill-judged centrally planned socialist management - under which the company emerged and developed. It is, in fact, these conditions that combined with the consensus around the vitality of the oil sector to influence the decision to concentrate the country's limited resources into this single agency, and give it overall responsibility for the oil sector. As one research participant commented,

"President Neto, although against capitalism, knew that he needed the oil and so, he said that they were going to run the sector according to a different logic because without the oil, everything would be lost. And Dos Santos kept the same logic. In other countries, that does not happen."⁶⁴

Sonangol was thus "spared from Marxist and postcolonial African economics alike and allowed to flourish according to 'modern', 'rational' and 'pragmatic' criteria" (Soares de Oliveira 2007b: 598). Whereas most nationalised enterprises were run by state workers with little to no managing experience, the firm was immediately put into the hands of individuals "capable of speaking the language of high finance, business contracts and oil technology" (Soares de Oliveira 2007a: 88). Most significant perhaps was that these key figures had important political credentials: they were well-networked MPLA loyalists, who shared the common social background, and in some cases, blood ties and friendship, of those at the top of the ruling party and government (Soares de Oliveira 2007b: 602). In a context of general distrust and tight state control of the economy, these connections and access to the President proved critical in providing the company with enough leeway and political support. Above all else, they allowed the state-owned corporation to successfully rebuild and modernise the oil industry.

As the most technically and financially capable state organ, Sonangol has been called upon to carry out a number of functions to drive the sector's growth and use it to steer other industries. The NOC has championed *local capacity development* by investing in technical and professional training development and by recruiting the most highly skilled personnel especially at top levels. It has driven the *generation and maximisation of oil rents* through its involvement in the drafting and enforcement of the petroleum legal regime which in turn has provided an attractive, competitive and stable environment for foreign investors while simultaneously delivering the necessary revenues for the

⁶⁴ Interview with a Western scholar, February 2010.

government to pursue its agenda at times of war and of peace. Furthermore, Sonangol has managed the *progressive modernisation of the sector* which it undertook by (a) diversifying the industry's participants; (b) increasing its participation in the upstream sector through *Sonangol Pesquisa e Produção* (Sonangol P&P); and (c) taking overall control of the marketing and trading of Angola's share of oil internationally⁶⁵. As one of the company's directors stated back in 2006, these strategic decisions were seen as a way for the firm "to create the very means to perform its functions" (cited in *Universo* 2006: 22). Above all else, it is from Sonangol's performance in carrying out *non-commercial functions*, especially its standing as "an all-purpose promoter and surrogate treasury" (White 2012), which stems the lack of transparency and accountability in Angola's public finances that is at the centre of allegations of corruption in the oil sector. It is that which forms the subject of the next sub-section.

Before moving on to discuss the various mechanisms through which corruption became entrenched in the Angolan oil industry, it is worth pointing out that corruption is in no way the single governance challenge facing Angola, despite being the most mediatised. Angola has indeed been struggling with a whole host of socio-economic impacts of oil dependency, one of which relates to the vagaries of the international oil market and its effects on oil revenue volatility. As Hodges (2004: 141) confined,

"Oil has been a mixed blessing, even in purely economic terms. Angola's extreme dependence on this single commodity has left the country dangerously exposed to the ups and downs of the international oil market, sometimes with serious consequences for the rest of the economy."

This showed itself again lately with the 2008-9 global financial and economic crisis which slowed economic growth⁶⁶, and led, among other things, to the building up of government arrears (of US\$9 billion in 2009 alone) as the MPLA government struggled to meet its commitments for debt servicing. Still, if the volatility of the international oil market mediates the variability of oil revenues in Angola, so too does the complex structure of its petroleum contracts, the preference for upfront fees (such as signature

⁶⁵ Three subsidiaries were created to this effect. These are: SONANGOL Limited, founded in 1983 in London; SONANGOL USA, created in 1997 in Houston; and SONASIA, launched in 2004 in Singapore.

⁶⁶ Real growth slowed at 4.1 per cent in 2011, and growth in the government's priority sectors, including in construction, contracted by 10.8 per cent. Growth figure from the World Bank <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries/AO-ZF?display=graph> [Last accessed 12 December 2012]. See also Vines and Weimer (2011) and AfDB et al (2011: 6).

bonuses) (Vines et al 2005b: 15-16), and “uncertainties in the institutional setting for managing oil revenues” (Staines 2011: 5) - which refers to Angola’s dualistic financial system at the origins of the opacity in the oil sector.

Sonangol, Oil Revenues Management and the Origins of Corruption in Angola

The process of oil revenues management is fairly well defined in Angola’s legal framework. Along with its primary responsibility for the implementation of national policy and coordination and supervision of all oil activities, Ministry of Petroleum (MINPET) is mandated to determine oil prices to be used for fiscal purposes alongside the Ministry of Finance (MINFIN). Beyond the setting and implementation of oil policy, the Angolan legislation assigns specific responsibilities for the collection, disbursement and/or management of oil revenues to other government agencies. These include MINFIN which is mandated to act as the “chief fiscal institution” or organ of the state responsible for assessing and collecting revenues that flow from the oil sector and for recording all tax transactions (World Bank 2006: 38-40); and the Central Bank (BNA) which is responsible for managing the foreign currency reserves of Angola, and negotiating, raising, servicing and repaying loans taken out on the government’s behalf (MINFIN 2004: 11).

Moreover, Decree 15/89 approves the process through which Sonangol submits revenues earned from the sale of its profit oil and that remitted by oil companies under PSAs, minus the 10 per cent commission to MINFIN⁶⁷; and Decree 30/95 of 3 November stipulates that all taxes and royalties of oil companies, including Sonangol, should be paid into a special petroleum account housed within BNA (see MINFIN 2004; HRW 2004). This system not only provided an effective way of recording and accounting for incoming petroleum revenues; it also provided a clear line of communication between the various agencies involved in the management of these revenues.

These rules were not really followed through in practice, giving way to “at least two parallel, but articulated, public spending systems” (World Bank 2005: 16-19): one “conventional” system under the supervision of the National Tax Directorate within

⁶⁷ The share of concessionaire oil revenue that may be discounted by Sonangol from the transfers to the Treasury to cover its operating expenses was reduced from 10 per cent to 7 per cent starting in the 2013 budget (see IMF 2014b: 8).

MINFIN and coordinated by the Ministry of Planning (MINPLAN) and the BNA; the other “non-conventional” system which Sonangol uses to deduct part or all its export sales proceeds for costs it incurs while undertaking quasi-fiscal activities on behalf of the state.

A major issue concerning this non-conventional system has been that Sonangol’s payments are effected outside budgetary processes, thereby strengthening the power of Sonangol and illegally bypassing and undermining the authority of the other formal institutions⁶⁸. What is more, these activities are offset against Sonangol’s oil revenue due to the government on a monthly basis according to a noncash and cumbersome procedure (IMF 2007: 9), which gives rise to frequent inter-agency disputes and substantial discrepancies between Sonangol’s estimates of oil revenues paid and MINFIN’s reporting of oil transfers. The result has been a black hole in Angola’s public finances symbolising “the Bermuda Triangle” that sees money disappearing between MINFIN, BNA and Sonangol without trace (Hodges 2004). According to the IMF, these discrepancies amounted to US\$4.2 billion between 1997 and 2002 (IMF 2002: 47 cited in HRW 2004); and nearly US\$32 billion between 2007 and 2010 (IMF 2011).

Angola’s dualistic public financial management systems must be viewed in the context of a worsening macro-economic situation arising from the 1980s when a sudden drop in the price of crude oil plunged the country in a cycle of debt. Sonangol was finding it difficult to finance its share of investments for oil fields that were crucial for the oil industry’s expansion, and Angola’s economy was characterised by fiscal deficits, balance of payment crises, repressed inflation, proliferation of parallel markets and an extremely distorted structure of relative prices and wages (Le Billon 2007: 112 citing Pereira da Silva and Solimano 1999). In the context of a poor external credit rating and lack of access to traditional sources of commercial borrowing, oil quickly became a crucial instrument for the negotiating of trade finance (Hodges 2004: 162; see also Vines et al 2005: 40-43).

From the government’s perspective, this type of oil-backed borrowing was a fairly well-run and profitable operation during the war. Loans were serviced through the direct delivery of oil from the share of production accruing to Sonangol, they involved direct

⁶⁸ Decree 30/95 stipulates that all taxes and royalties of all oil companies, including Sonangol, should be processed through a Petroleum Account housed within the BNA. Decree 15/89 provides, in addition, that Sonangol should transfer the revenues earned from the sale of its profit oil minus ten per cent commission to MINFIN (see HRW 2004; MINFIN 2004: 11-13).

transfers of oil money from creditors to a number of Sonangol's offshore bank accounts, and were oftentimes repaid at a fixed barrels-per-day rate. This implied that Angola's public coffers were not actually benefitting from a hike in oil prices since loan repayments were fast-forwarded during such periods, and the opposite happened at times of low oil prices (Vines et al 2005: 41). Accelerating loan repayments was hugely beneficial to the government, for, it meant that the sooner loans were repaid, the sooner and easier it was to obtain new and even bigger loans on the back of new oil streams. With time, this practice went from being used to service Sonangol's cash calls, to being deployed for "general government use" (ibid: 16-17), including for imports, debt renegotiations, construction projects and from 1992, for arms purchases. In effect, by the late 1990s, it was the only form of external financing available to the government and by implication, central to the exercise and consolidation of presidential power.

Commercial oil-backed loans thus marked a steep departure from the traditional channels of international financing for Angola but for critics, they raised two main concerns. The first concern relates to their steep interest rates and short maturity (usually of about four years) which often meant that substantial (sometimes up to 95 per cent of) revenues from the government's oil share to be diverted for debt servicing rather than, say, for social spending. The size of the loans was telling. By the end of 1999, it reportedly amounted to 33 per cent of Angola's US\$8.78 billion total debt, serviced with almost all the oil that was physically available to the government (Hodges 2004: 164). The second concern regards the lack of transparency and accountability surrounding the inflow and spending of these types of loans. The IMF described these loans as "detrimental to growth and inherently lacking in transparency since the use of the funds is undisclosed"; and the World Bank, as "the core obstacle to [Angola's] development" (cited in GW 2005; emphasis added). The MPLA government argued that the strategic funds were placed abroad in a time of war as "basic risk management" in part to avoid the inefficiencies of the formal financial regime (see Shaxson 2007: 179; Van Nierkerk and Peterson 2002: 5). These arguments nevertheless failed to convince campaigners who insisted that the opacity and secrecy that characterised these deals provided a cover for grand corruption.

Three sets of events converged to raise further doubts as to the real motives and beneficiaries of these loans. The first was research conducted by the International Consortium of Investigative Journalists, of Sonangol's banking records. These

investigations revealed that funds generated by signature bonuses paid into one of Sonangol's offshore accounts were transferred, among others, to a private security company owned by former Angolan state officials, the Eduardo dos Santos Foundation (FESA), and a private bank that counts an alleged arms dealer among its shareholders (Van Nierkerk and Peterson 2002).

The other two sets of events are known as the "Angolagate" scandal and the second, as the "Angola-Russia Debt Deal". The "arms-for-oil deal" or Angolagate dates back to the period soon after the return to the civil war in 1992, at a time when the MPLA struggled to re-arm itself and President Dos Santos felt it necessary to circumvent the UN arms embargo to fend off the threats that UNITA's military advances and control of more than 80 per cent of Angolan territory posed to his regime. The president then called for help from Jean-Bernard Curial, a French government insider, who, through his connections, introduced him to the businessmen Pierre Falcone and Arkadi Gaydamak. This triggered "the deal of the century" (Simons 2008) that saw companies and individuals involved in the wartime acquisitions of weapons receive 'commissions' from the overvalued deals.

An estimated US\$510 million worth of weaponry was acquired between November 1993 and April 1994, with US\$300 million understood to have gone to President dos Santos – through a Panama account in the name of his daughter Isabel - and a dozen Angolan officials (Simons 2008). More importantly, the lucrative arms deals were paid for by an oil-backed loan arranged through the Swiss oil trading company Glencore, and signed in exchange to equity participation in oil blocks 32 and 33 operated by Elf and Exxon. Two companies that benefited from the deals are Prodev and Falcone Oil Holding: the first and Swiss-based firm received 20 per cent stake in block 32; and the second, a "wholly-owned Angolan corporation" which reportedly counts among its shareholders the Angolan president and the Volkswagen dealer Antonio Moquito Mbakassi, received 10 per cent in block 33 (GW 1999: 13). As Chapter 5 will make evident, this trend of rewarding political associates with equity partnership in the oil industry continued into the postwar era.

The Angola-Russia Debt Deal dates back to April 1996. It followed the commissioning by the Angolan government of Falcone and Gaydamak, to re-negotiate the terms of the

US\$6 billion Russian debt that it incurred during the civil war⁶⁹. Their renegotiation of the Deal led to Russia agreeing to a substantial reduction of the debt (from US\$6 billion to US\$1.5 billion) and to favourable repayment terms⁷⁰.

It appears that the transaction was intended to be facilitated by the issuance of Promissory Notes ('the Notes') by BNA, with Sonangol making payments for the Notes using another financing arrangement guaranteed by oil sales and negotiated with Glencore. What happened subsequently however, is that rather than Sonangol making the payments directly to Russia, in March 1997, Gaydamak and Falcone set up Abalone Investments - a company registered in the Isle of Man - which offered to buy the Notes from Russia at half the price (or US\$750 million), only to resell them to Sonangol at their full face value, thereby making a US\$750 million profit. Sonangol made these payments until February 2001, when the Swiss judicial authorities froze Abalone's UBS accounts in Geneva after uncovering that: (a) the company had been set up as a front company to "extort financial resources, to the prejudice of the Republic of Angola and the Russian Federation" (Hodges 2004: 166); and (b) the money Sonangol disbursed to these accounts (some US\$775 million between October 1997 and July 2000) had in fact been passed on to a range of companies and individuals, among whom the Angolan president.

The Swiss response provoked a furious reaction in Angola both from within the government and from a section of the Angolan civil society. The deal continued regardless, and in spite of the Russian government's decision to terminate its Escrow agreement with UBS. Except that, unbeknown to the other parties, the deal was no longer with Abalone but with Gaydamak alone, through a bank account in Cyprus apparently duping Sonangol into paying more than US\$618 million in the belief that this money was being transferred to the Russian government when in actual fact it was not.

The case was settled in 2005, after the GoA agreed to pay Russia for the value of eight of the remaining promissory notes worth US\$387 million and Gaydamak, the remaining US\$206 million. The Swiss authorities also decided in favour of the restitution of the

⁶⁹ What follows draws from Hodges (2004: 166-67); Shaxson (2007: 176-83); Corruption Watch and Associação Mãos Livres (2013) and Lee (2013a).

⁷⁰ Angola had fifteen years to repay the debt and the accrued \$1.39 billion interest in 31 instalments after an initial five-year grace period, which means that the debt had to be repaid from 2001 until 2016.

funds plus interests to the Angolan government (evaluated at US\$43 million), on condition that the money released is used for developmental purposes, under the joint supervision of the Angolan authorities and the Swiss Agency for Development and Cooperation (GW 2008; *Afriquinfos* 2012).

The significance of these corruption cases for Angola's reputation and future developmental path cannot be overstated. The Angolan anti-corruption crusader Rafael Marques affirms that the corrupt channels established by the arms and oil trading networks in question set the stage for "a culture of impunity, plunder of the state assets by the ruling elite, and the legalisation of such criminal acts in peace time" (Marques 2009). The damage to Angola's international reputation was all too visible as well. Justino Pinto de Andrade, an Angolan university professor and activist recalls that the Angolagate scandal, particularly, was the event that did the most damage to Angola's international image (Pinto de Andrade 2009: 101), putting it right at the forefront of the international campaign for increased transparency in the management of oil revenues in Angola.

CULTURES OF OIL?

It is said that Angola brings together "the pathologies of the colonial and postcolonial African state with the ailments of petro-statehood and socialist management" (Soares de Oliveira 2007b: 610). One of the most popular arguments put forward to explain this state of affairs lies squarely on the country's natural resources, oil in particular. This chapter on the other hand has demonstrated that the dual culture of violence and accumulation that has been so determinative of Angola's postcolonial era owes to three main sources, the first of which revolves around the colonial and pre-oil context of economic and political subjugation and appropriation, division and distrust. These ailments combined contributed to shape the character of the 27-year long civil war.

To conclude however that colonial legacy alone is responsible for Angola's current predicament would be misconstrued. As Chabal (2002: 34) rightly pointed out, colonial legacy becomes less important in the post-independence years, if not for the way in which it was subverted by Angola's postcolonial elites; a process he termed "political Africanisation". This re-appropriation was visible first in the political manipulation of the

identity question, and later in the way and extent to which the oil sector and Sonangol came to replace citizens' taxes and labour as the basis of governance in postcolonial Angola. To understand how this came about, one needs looking at the second set of drivers, which lie in the origins, agency and experiences of postcolonial elites. Marxism-Leninism, for instance, was described as

“The spring of understanding for a lot of policies in the past: the bureaucracy, the nomenklatura, the centrality of the state, the self-understanding of the state [...] and the special relationship between the leadership and citizens in that [...] there has not been a history of consensus seeking, of challenging and analysing government policies.”⁷¹

It is equally interesting to note how the circumstances under which these elites evolved enabled them to reinvent themselves, from wanting to build a state embedded in developmentalism to being closed, distant from society and increasingly corrupt. Also intriguing is how this self-regeneration (and empowerment that arose from it) affected the character of the state thereon. Remarkably, the civil war proved to be an important tool in this respect. Though at first driven by ideological differences, distrust, repression and exclusion of a section of society, economic incompetence and poverty, the conflict, as well as the dynamics that characterised it, were all rapidly instrumentalised by these elites so as to gain access to power (within and beyond the movements) and wealth. Hence the affirmation that the civil war was, to quote Imogen Parsons, “a war propelled from the inside, driven by its own logic and dynamics” (2004: 45).

Oil wealth - which is the third source of Angola's governance challenges - added more sense to this “organised disorder” (Nzinga 1999: 8). It made possible the survival and consolidation of powers around the Angolan leadership during the twentieth century by facilitating the concentration of powers around it, enhancing its exercise of high levels of social control, and justifying the “extraversion” of the Angolan state which ultimately ensured the MPLA's military victory over its political opponents. Among other things, it is from this extreme form of centralised control, from Angola's parallel or “unrecorded economy” (Cockcroft 2012) caused by military and extra-budgetary spending, and from the internationalised privatisation of the Angolan civil war, that corruption and lack of transparency in Angola's management of oil revenues originate.

⁷¹Interview with an Angola analyst, London, May 2011.

Chabal (2007: 8) was right in pointing out that these specificities are not in themselves dissimilar to those present in other African oil states, if not for the fact that their combination “bestowed upon [the Angolan state] an extraordinary degree of power, which has been further boosted by the fact that the Western countries whose companies are extracting oil have been exceedingly accommodating of such practices.” Still, it must be stressed that companies and foreign governments were not the only external forces that played a key role in the civil war. As the overly simplified summary of the facts of the Angolagate and Angola-Russia debt deal showed, unlike in Nigeria where American oil companies were the catalyst to the entrenchment of opacity in the oil industry (Klieman 2012), in Angola the main actors came from a wide range of public and private sectors, and at various levels. They ranged from syndicates of Western private banks to multinational oil companies, private military and security companies, and businessmen, all of whom benefited immensely from the state of confusion that prevailed in twentieth century Angola. EO alone is understood to have had a turnover of approximately US\$40 million per year during its two-and-a-half year contract in Angola (Pech 2007: 86).

By the end of the civil war in April 2002, Angola faced three highly complex transitions simultaneously, which would test to the utmost even the capacity of the most effective developed state: a transition from war to peace which also involved “a complex emergency to national reconstruction and sustainable development”; a second transition from single-party Marxist-Leninist rule to multi-party democracy; and a third, from a centralised command-based economy to a free market (Munslow 1999: 552-53). It was quite unclear how the country would undergo these transitions, given their institutional complexities, and considering the primacy of vested interests which have traditionally hampered political and economic reforms.

Amid these uncertainties, one thing was sure. It is that the end of the civil war opened new windows of opportunities for the elaboration of a proper and coherent long-term national development agenda, which once having overcome its rivals, the MPLA regime was now permitted to pursue. In effect, having recognized that the cessation of military conflict brings radically different conditions for the exercise of economic planning (Da Rocha 2010: 81), the GoA assigned a high priority to the elaboration and implementation of policies they believe are capable of bringing about development. A “new” and dominant developmental model emerged that is very similar to that which was adopted by the socialist state, bar the fact that it is planned and implemented during peace times,

and, in spite of the MPLA's nationalist credentials, is much more receptive to some neoliberal reform prescriptions, chiefly fiscal transparency. How it localised this policy norm in the postwar era, having for so long being reluctant to adhere by it, is the object of the fourth chapter.

CHAPTER 4

THE LOCALISATION OF ORT IN POSTWAR ANGOLA

“People have almost generally looked at our problems rather than to the good things that we have done.”

George Chikoti speaking in an interview with Stephen Sackur. Broadcast on BBC Radio 4, 28 February 2012, 0030.

“Not everything that counts can be measured. Not everything that can be measured counts.”

Albert Einstein.

“Any way you make so-called ‘progress’ on the freedom of information and transparency is, of course, progress from a previous situation towards something else [...]”

Excerpt of an interview with an INGO official, London, 18 February 2013.

To reiterate, one of the objectives of this research project has been to assess the track record of the oil governance reform agenda implemented in Angola since 2002. This was quite a difficult task, given as explained in the introduction, the constraints associated with the concept and operationalization of transparency. The consequences of the fixation on data, in particular, could not be more visible when it comes to Angola. In discussions and analyses of oil sector transparency in Angola, one notices the over-privileging of the regular publication of oil sector data on the MINFIN website at the expense of a fuller and more comprehensive analysis of the reform programme as a whole, or the conditions of economic policy for that matter. The fact that the content of this programme is mainstreamed in several reports which are not always easily accessible and extremely difficult to piece together certainly conditions this situation. Nevertheless, the fact remains that this failing accentuates the lack of information on and understanding of Angola’s political economy that makes studying this African petro-state challenging.

This chapter attempts to remediate to this problem, by offering a broader and perhaps more balanced view of transparency reforms implemented between 2002 and 2013. The first two sections of the chapter advance in a chronological manner in order to allow the reader to better evaluate how the economic reform agenda has evolved into what it is today. They begin with a background on past reform experiences in Angola, before proceeding to the review of the content and shape of the postwar ORT reform programme. Fundamentally, one observes that transparency reforms implemented or launched during the post-2003 oil boom period running up to the 2007-08 global financial crisis were aimed at strengthening oil payments collection and improving the reporting of oil sector data. Those that followed the crisis are part of a much wider political and economic reform programme, though on the economic front they targeted more structural and politically contentious issues such as those relating to Sonangol. The third section will concentrate on informational practices, as they pertain to the availability, accessibility, timeliness, comprehensiveness and coverage of the information disclosed by the Angolan regime, in order to give an overview of what change on the ORT front actually means in the Angolan context.

A BRIEF HISTORY OF ECONOMIC REFORMS IN ANGOLA

Economic reforms in Angola began in earnest before the formal abandon of Marxism-Leninism in 1990, in 1987 to be more precise. The launch of this reform agenda coincided with the battle for Cuito Cuanavale which was nearly lost by the MPLA forces in 1987 and the Bicesse peace process which took place amid external disengagement at the end of the Cold War, a sharp drop of oil prices in 1985-86, and general discontent with the resulting politically damaging economic crisis. The reforms were intended to restore macro-economic stability and kick-start the transition from a centrally planned dominated by state-owned companies as in the oil sector, to a market based economy (Hodges 2004: 113), in part, in order to meet IMF and World Bank requirements for loans.

This reform agenda was distinctive for the sheer number of programmes launched, their policy incoherence and ineffectiveness. In total, ten reform programmes were launched between 1987 and 2000, which were either partially implemented or simply abandoned (ibid: 114-15). As with similar transitions in the former Soviet Union and Eastern Europe,

the blurring lines between state and party did account for the fragmented approach to economic policy, together with the lack of appropriate institutional framework capable of supporting the efficient operation of markets (Aguilar 2001: 5; Vines et al 2005: 2). Noteworthy too were incessant shifts in leadership and institutional responsibilities between the MINFIN, the Ministry of Planning (MINPLAN) and BNA; and the frequent interventions of the council of advisors at the presidency. Known informally as the *Homens de Futungo* (“group at Futungo”) and named after the site of the presidential palace, *Futungo de Belas*, this group has traditionally been ideologically hostile to reforms and cooperation with international financial institutions (Hodges 2004: 122-24; Aguilar 2001: 7). In short, as one Angolan civil society activist recalled,

“There was a process of shifting who is actually in the ministries: sometimes it would be ‘let’s put this person at the head of the ministry because he would be a better representative on the relations with the IMF, and so on. Then when the issue with the IMF is close, done, then we can put another one [...]”⁷²

Besides institutional constraints, skills shortage and periods of war also impeded economic reforms. By way of example, the previous chapter documented how the return to the armed conflict and oil-backed loans used as a response to military pressures by the MPLA government from 1992 onwards favoured opponents to reforms and allowed corruption and opacity in the management of government finances to thrive. This same fact explains why campaign groups were sceptical of the official argument that the civil war was the major impediment to economic reform. For example, HRW (2004) contested that the war could not have prevented increased transparency by the government, nor could it account for the massive discrepancies in expenditures. In their view, there was no structural or specific impediment for reforms, except political will, or as an insider put it bluntly, “the fact that they didn’t want to do it.”⁷³

Generally, however, reforms were implemented that were aligned with elites’ business interests (privatisation reforms for example), or during peace times (as was the case after the end of the so-called “third war” that gave way to the signing of the post-Lusaka Protocol in 1994). Periods of crisis – rising urban social tensions, acute financial stresses and even the president’s growing unpopularity – equally proved to be important

⁷² Interview, London, 5 July 2012.

⁷³ Interview, 7 June 2011.

reform drivers. Widely documented, for instance, is the “fluctuating resolve” to reform (Reed 2009: 39) in accordance with international oil prices – though it is argued below and further in Chapter 6 that this external variable does not provide a full explanation for the uptake and implementation of reforms during the postwar period. Figure 1 is illustrative of this. It demonstrates how the 1985-86 fall in oil prices that triggered Angola’s debt crisis prompted the government to initiate talks with the World Bank and IMF about the possibility of joining the two institutions. Similarly, hyperinflation in 1994-96 triggered further negotiations with the IMF; and once again how the 1998-99 crash in oil prices during a ceasefire with UNITA forced the government to turn to the IMF (Hodges 2004: 141; HRW 2004: 6-7). In all, the Angolan government negotiated at least four staff monitored programmes (SMPs) with the IMF between 1995 and 2001: three of those were abandoned, and only one served as a springboard for a series of reforms that will extend to the postwar era. One refers here to the nine-month SMP signed between the government and the IMF in April 2000, and extended until June 2001.

Negotiations for this agreement coincided with the government’s implementation of a medium-term adjustment and reform programme, whose goal was to “restore domestic and external equilibrium, create the conditions for sustained economic growth, lowering inflation, improving the efficiency and transparency of public sector operations, and enhancing the role of the private sector” (IMF 2000: i; see also Neto and Jamba 2006: 4). It must be added too, that the implementation of this programme occurred in the midst of protest actions by international donors, including the World Bank, which downgraded its Luanda’s office into a Liaison office after the departure of its country representative in 1999. Nonetheless, this was the first indication of the government’s subscription to “the principle of universal coverage of its receipts and expenditures in the national budget” (IMF 2000: 19) and to the idea that “transparency and good governance are instrumental to macroeconomic stability and growth” (Graça 2003).

It is difficult to ascertain with certainty what the motivations behind the apparent commitment to this programme were at the time, but experts speculate that:

“[...] the absolute key was a desire by the president to regain control over the economy following the economic disasters of the 1990s, and the new economic crisis brought by the onset of war. It was also important to remain on good terms with the West at a time of great military uncertainty and economic and political weakness, which coincided with low oil prices [...] Macroeconomic reform, then,

is the result of a slow learning process after a decade of disastrous trial and error by the Angolan leadership [...]" (Vines et al 2005: 25; see also HRW 2004).

Figure 1: Relationship between Economic Reforms and Oil Prices

This image has been removed due to third party copyright. The unabridged version of the thesis can be viewed at the Lanchester Library, Coventry University

Source: Reed (2009: 38).

Key features of this reform programme included the “Diagnostic study” of the oil sector which began in November 2000, and the contracting in 2001 of the London-based Crown Agents to undertake an overhaul of customs. The former in particular represented a major milestone in the history of Angola, serving as an important first step towards ensuring greater transparency in Angola’s oil revenues inflow. The US\$1.6 million study was implemented by the international accounting and consulting firm KPMG, following a competitive bidding process. It was financed by the Angolan authorities and World Bank, at the rate of 68 to 32 per cent of the cost respectively (HRW 2001: 2). KPMG completed its first report in July 2002, and produced eight other reports to the Angolan authorities (HRW 2004: 13). After initial concerns that these reports would not be made available to the public (McIntosh 2002), the government eventually released the initial report together with an executive summary of the final report in 2004 (see MINFIN 2004).

Soon after the study, the GoA commissioned the first ever audits of BNA accounts (conducted by the international accounting firm Ernst and Young), to which the IMF (2003: 21) attributed adjustments to BNA’s balance sheet in 2002, and the signing of a Protocol that set out rules designed to improve fiscal and monetary coordination and synchronisation between BNA and MINFIN. The same year, the government launched its own Public Finance Modernization Programme (PMGFP) that comprised a number of measures aimed at increasing transparency and efficiency in the budget process (IMF 2004: 38; World Bank 2005; Isaksen et al 2007: 7).

Hodges (2004: 40) remarks that early attempts to improve fiscal transparency and macro-economic stability were remarkable for the way in which they clashed head-on with powerful vested interests, in actual fact, the more structural and political reforms were not followed through. Public access to government documents “such as budgets, plans and programmes” and data “even from surveys financed by international institutions” remained constrained. In turn, delays in the implementation of reform measures and persistent deviations from the quantitative targets led to the reform programme having “little success in improving transparency and the quality of fiscal and external debt data” (ibid: 121 citing IMF 2002). In spite of these deficiencies, the aforementioned initiatives forced the government to consider regularising the economic situation. The KPMG diagnostic study is a case in point. The summary of the final report specified that the study “does not amount to an audit conducted in accordance with international auditing standards and does not give the same level of assurance as an

audit would”, neither did it attempt to “verify the accuracy or completeness of any such data, information or documentation” (MINFIN 2004b: 1). Nonetheless, the study uncovered oil companies’ mis-pricing of costs, irregularities in the reporting of incoming revenues, and large discrepancies in the revenues received in 2000 when oil revenues amounted to 89 per cent of government revenues, just above US\$ 4 billion (MINFIN 2004a: 21-25; HRW 2004: 16). According to HRW (2004: 24),

“KPMG found five different sums for incoming oil revenues: figures of the Accounting Department of the Ministry of Finance; figures of the Tax Department for the Ministry of Finance; a revised Ministry of Finance total that subtracted 1999 taxes received in 2000, taxes and Profit Oil paid during 2000, and 2000 taxes and Profit Oil that was going to be paid in 2001; figures from Ernst & Young’s (E&Y) fiscal reports on oil revenues conducted on behalf of the Ministry of Finance; and the amount of money that the BNA reported it had received.”

These and other findings were critical in presenting at length the level of dysfunctionality that plagued Angola’s public financial system, and prompting government action. Most significantly, the actions taken delivered important results that helped the government enhance its international reputation. A great deal of commentary on specific reform components shall follow in the forthcoming analysis of the reform context and process provided in Chapters 6 to 9. What follows is merely a synopsis of a broad range of reforms which are helpful in unpacking the Angolan regime’s ORT model.

ANGOLA’S POSTWAR ORT REFORM AGENDA (2003-2013)

A senior oil consultant submits that the economic reform agenda received substantial impetus after the Angolan leadership moved to request an assessment of the human, institutional and legal capacity necessary to comply with the Diagnostic study’s recommendations (Macnab 2006). From these efforts sprung major breakthroughs from 2003 onwards. The 2003 revised budget became the first national budget ever to comprise extra-budgetary spending and Sonangol’s quasi-fiscal operations (World Bank 2005: 29). The debt management process previously under the purview of Sonangol was smoothened with the elaboration of a regulatory framework on public debt (Law 10/2002)⁷⁴ and the creation of a coordination committee to facilitate interactions between BNA’s debt unit, the Treasury’s External Debt department, and Sonangol (Aguilar 2004;

⁷⁴ More information on the decree can be found online at <http://www2.unitar.org/dfm/AssessmentReport2003/Luanda/Unpublished/Angola.pdf> [Last accessed 26 February 2013].

World Bank 2005: 45). Moreover, the government allowed the IMF to publish findings of its 2003 Article IV staff report (unlike the neighbouring Congo Brazzaville), having previously blocked the publication of the 2001 and 2002 Article IV staff reports. On 5 June 2002, it disclosed a US\$30 million signature bonus paid by Ranger Oil, Odebrecht and Sonangol to parliament (HRW 2004: 31).

Resistance to reforms from some parts of the Angolan public administration persisted throughout this period. That was evident with regard to the release and sharing of critical information. To the extent that when the Angolan government hired Deloitte & Touche to audit all the oil companies' tax returns and accounts, data regarding Sonangol were obtained not from the NOC but from block operators (World Bank 2006: xii). Only the financial statements of companies within the Sonangol group were "comprehensively" audited, the first time in 2003. The audits were shared with the World Bank but never published. They apparently contained "minor audit qualifications" with regard to exploration and production operations "where most of the money is"; and "numerous audit qualifications" in the less important downstream operations, leading Sonangol to invite Accenture to help deal with the irregularities uncovered (ibid).

At this stage, Angolan officials acknowledged that "there is, still, much work to do in order to build the institutional capacity to ensure integrity, high quality and coverage as well as regular publication of the data" and blamed the slow pace of reforms on the lack of human and financial resources (see Graça 2003). Interestingly, and contrary to hearsay, reforms continued apace during the 2004-2008 oil boom. In 2004, Angola agreed to participate in the IMF General Data Dissemination System which addresses the quality and dissemination of data, and it requested the organisation's Fiscal Affairs Department to undertake a report on the Observance of Standards and Codes (ROSC) regarding fiscal transparency, including on revenues from oil and other natural resources. The move was seen as "undoubtedly a significant step in the process of gradually and progressively improving the production and dissemination of Angola's official economic, financial, and socio-demographic statistics" (IMF 2004 citing a government official).

Most significantly, in breaking with the culture of secrecy that surrounded oil deals during war time, MINFIN began publicising oil sector data and information regarding Chinese

and Portuguese credit lines on its website in 2004⁷⁵. In May 2004, Chevron too announced that it paid US\$210 million in signature bonus and an additional US\$80 million in social bonus to Sonangol for the extension of block 0; one of the most prolific oil blocks in Angola. Information on several other payments has since been released either by the Angolan authorities - most notably during the 2005/6 oil licensing round (see Chapter V) -, by IOCs or by industry experts. Most recently, on 3 April 2014 to be more precise, White Rose Energy Ventures (“White Rose”), a UK-registered oil company, and Genel Energy plc (“Genel”), a UK-Turkish oil company registered in the London Stock Exchange, announced that they paid a total of US\$59 million for 15 per cent interests acquired from China-Sonangol in Block 38/11, and US\$222million for 15 per cent interests acquired from Statoil Angola Block 39 AS, a wholly-owned subsidiary of Statoil, the Norwegian NOC (Ballard 2014; *StockMarketWire* 2014).

Beyond the publication of oil revenues, the Angolan authorities focused a great deal on strengthening the accounting and reporting process between and within government agencies, the primary targets being MINFIN and MINPLAN. In 2005, they tasked the UK-based firm Aberdeen University Petroleum Economic Consultancy (AUPEC) Ltd with overseeing the Tax Administration project to be completed in March 2007. The project was designed “to improve systems and reporting, to reconcile taxes declared as per the Inland Revenue records with taxes received as per Tax collection office and taxes received as per Bank record” (Macnab 2006; Calder 2006). The same consultancy firm was asked to work on updating the revenue forecasting model first proposed in the KPMG study with the National Tax Directorate’s Special Tax Regimes Department (Calder 2006; IMF 2005). The ‘AUPEC model’ was formally adopted in April 2006 in the context of the Oil Diagnostic study, and described as “a more effective tool to forecast oil revenues” and “a step in the right direction” (World Bank 2007: 9).

In addition, the National Inspectorate of Finance (INF), began auditing government departments. By 2008, it had conducted 43 inspections, 6 deeper audits, 2 management audits and 17 examinations in 2 provinces (World Bank 2010: 8). Another major development was the functioning and rollout of the integrated financial management system (*Sistema Integrado de Gestão Financeira do Estado* or SIGFE), a system set up with international assistance in 1992 to increase transparency of government revenues

⁷⁵ On the credit lines, see <http://www.minfin.gv.ao/docs/dspProjGov.htm> [Last accessed on 14 March 2013].

and expenditures across all the national territory and overseas budget units located within MINFIN's information technology department. After a slow start-up in 1997, SIGFE made noteworthy advances: there were "some improvement in the quality of returns from the provinces connected to the SIGFE" (World Bank 2007: 12), and a lot more "discipline into the expenditure procedures of state institutions" (UNDP et al 2002: 8). Presumably, these advances occurred as a direct result of the availability of detailed accounts of expenditures in the system, which made it possible "to see if [revenues] were used properly" (HRW 2010: 11 citing a World Bank official). At the end of its 2008 Article IV consultation with Angola, the Fund (2009) declared that "Angola's most successful initiative on public financial management and fiscal transparency" continues to be the information system, SIGFE, which has helped strengthen budget execution and fiscal reporting".

Improvements in SIGFE were complimented by (a) advances in the management of public sector operations through the functioning of a parallel programme, the Patrimonial Management System (*Sistema Integrado de Gestão Patrimonial do Estado* or SIGPE); (b) efforts to improve the tendering and auditing of public sector procurement contracts, among other things, by employing new staff at the Tribunal of Accounts responsible for the oversight of public finances (AEO 2006); and (c) the approval in 2007, of the Law on Local Organs of State (Law 2/07) in line with the general governmental goal of re-establishing state administration in 2008 as stipulated in the pre-2008-elections budget. The latter provides for the transfers of financial resources to local government, citizen participation at the local level, and the creation of a bridge between the populations and public services "as means to ensure celerity, de-bureaucratisation, and adequate solutions to the local reality" (Orre 2007: 7).

Whereas most projects were implemented to boost the collection and (internal/external) reporting of oil data, others were quite simply directed at procedural aspects. These ranged from the issuance of a "comprehensive" oil tax manual accompanied with "detailed desk procedures outlining the day-to-day steps required to perform the functions described in the manual" (Calder 2010: 376; Calder 2006); to a major overhaul of the petroleum legislation. For example, the 2004 Petroleum Activities Law⁷⁶ reaffirmed the government's position on contract confidentiality enshrined in the 1978 version

⁷⁶ Law No. 10/04 of 12 November 2004.

(Article 77), though it provided for open tender procedures for allocating oil licenses (Article 46) and direct negotiation regime in exceptional circumstances (Article 47).

A second statute regulating petroleum activities, and also approved in 2004, was the Petroleum Taxation Law⁷⁷. This Act upgraded and simplified rules governing oil tax administration: it brought all oil all foreign operators as well as Sonangol under a common regime for tax assessment and payment; clarified the responsibilities and lines of communication that exists between these tax payers and government ministries responsible for tax collection; and provided rules that are “comparatively well-designed and straightforward”, thereby making the Angolan oil tax regime simpler than that existing in the UK (Calder 2006; Heller 2007). According to one analyst, this Act reflects lessons learned from IOCs’ experiences with the government under previous individualized taxation arrangements, and its drafting process was quite collaborative (Heller 2007: 52).

The reform phase between 2008 and 2013 was the most eventful and therefore, the most interesting not only the breadth and depth of the changes announced, but also because of the socio-political and social context within which they were implemented. These reforms covered the expenditure side to a greater extent than the revenue inflow side, and its process involved arguably the greatest amount of foreign input that at any time in the history of economic reform in Angola. If the previous transparency reforms were planned mainly to ensure that “the revenues that should be received by the government are indeed received” (Corbett 2008 citing José Pedro de Moraes), those that are launched during this period appear to have been set up either as part of the reorganisation of public financial management after the 2008-9 financial crisis, or as result of changes occurring on the political scene. Importantly, they were implemented in conjunction or as part and parcel of a Stand-By-Arrangement (SBA) signed between the Fund and the Angolan government (2009-12) and its Post-Programme Monitoring (2012-14); and implemented between or after Angola’s two postwar legislative elections in 2008 and 2012.

Among changes that arose during this period were the following: improvements in inter-agency reconciliation of incoming revenues; the establishment of a new framework on

⁷⁷ Law 13/04 of 24 December 2004.

statistical reporting and analysis that would enhance information of oil revenue transfers to the state budget⁷⁸; attempts to gradually phase out fuel subsidies and Sonangol's quasi-fiscal activities; the adoption of a new debt management framework; the publication, in August 2010, of the results of the first national household survey critical to the transparency and effectiveness of decision-making related to revenue spending (INE 2010); the publication of the first draft of a five-year debt strategy; the conduct and publication of the audits of Sonangol's accounts in 2009; Ernst and Young was contracted to help MINFIN improve budget execution; the strengthening of the Tribunal of Accounts and controls over public investment, procurement, budget execution, and the general budget process, mostly through the legislation and associated decrees (see Staines 2013; Jensen and Paulo 2011).

Speaking of legislation, the period from 2009-2013 was particularly active in terms of the number of statutes adopted which are relevant to the fight against oil sector corruption and lack of transparency in public finance management. To give but one example, the 2010 Constitution comprises several pro-transparency provisions. It describes the state budget as "the most important tool for the implementation of government policies"; and gives assurances that the government would adopt a multi-year approach to budgeting (Article 104) and that budget execution "shall observe the principles of transparency and good governance and is controlled by the National Assembly and the Court of Accounts ..." (Article 104(4)). Moreover, the Constitution established the Court of Accounts as "the supreme supervisory body responsible for overseeing the legality of public finances and judging such accounts" (Article 183 (1)), while reinforcing the idea of parliament's take-over of the President's role of approving the budget - while another legal statute, Law 15/10 of July 14, gives it the power to amend the budget (see IBP 2012: 156). Regarding the right to know, it is important to note that the Constitution upholds citizens' rights and freedoms - of expression, association, and of the press, to cite just a few.

The same year that the Constitution was adopted, the National Assembly adopted LAP (Law 3/10 of 29 March) which obliges Angolan government officials to disclose information on their wealth and prevent them from gaining private benefits from public office or from the sale of public goods. Parliament also passed a law on Anti-Money Laundering and Countering Financing of Terrorism in December 2011 (Law 34/11 of 12 December). Further, Presidential Decree No. 48/11 of 9 March created the Oil Fund

⁷⁸ Presidential Decree 58/11 of 30 March 2011.

which was later renamed Sovereign Fund of Angola (*Fundo Soberano de Angola* or FSDEA) by Decree 89/13 in June 2013. The FSDEA was allocated an initial sum of US\$5 billion to be gradually transferred from the petroleum account at BNA.

Table 3: Angola's FOREX Rules

1 October 2012	Oil companies need to make all payments for goods and services supplied by Angolan residents out of bank accounts domiciled in Angola, whether in national or foreign currency.
13 May 2012	Payments of services and products by Sonangol or its Associates are made through local bank accounts in local or foreign currency.
1 July 2013	Payments of services and products to local contractors are made in local currency.
1 October 2013	Operator companies need to make all payments for goods and services to foreign contractors from local bank accounts.
As of September 2013 BNA's <i>Aviso No. 13/2013</i> of July 2013	<ul style="list-style-type: none"> a) All payments for current invisible⁷⁹ operations involving foreign companies should be made from the foreign exchange account of the applicants; or with an international electronic payment card; or a debit entry in the kwanza account of the applicant at the time that the settlement of the transaction or the payment in foreign exchange abroad is made. b) Furthermore, foreign exchange transactions for current invisible operations must be made within 360 days after the relevant services were provided; c) Such contracts for which FOREX payments are to be made must clearly describe the object, term, rights and obligations of the parties and the price; register import of goods and current invisible operations. d) Imports of goods and invisible operations should be registered with the BNA.

Sources: De Pina and Brigolas (2012); Van Welzen and Fonseca (2013).

On 29 November 2011, the Angolan parliament approved a new foreign exchange (FOREX) regime applicable to the oil and gas sector. This legislation (Law 2/2012) was promulgated on 6 January 2012. It obliges Sonangol and its associates to process all payments pertaining to their operations through Angolan bank accounts, irrespective of the residency of the concerned entities. It compels operators to open and maintain Angolan bank accounts a) in foreign currency for payments of goods and services

⁷⁹ These apply to public services; transport services; communication services; construction services; insurance; financial services; information and IT services; income from intellectual property rights; salaries; and return on capital or investments (see Van Welzen and Fonseca (2013: 1).

provided by international suppliers, and b) in Kwanza, to pay for goods and services provided by local suppliers. Law 2/12 applies to all current and future petroleum concessions and subjects all foreign exchange operations to registration with BNA. The Bank has since issued rules related to the phased implementation of the Law, as well as a number of exceptions summed up in Table 3 above.

UNPACKING ANGOLA'S POSTWAR ORT

The consensus view of the government postwar reform efforts is that they have led to some noteworthy improvements which constitute the essential first steps towards the transparent management of Angola's petroleum revenues. Besides questions regarding the real intentions behind this agenda though, the object of debate has been what this progress actually means in practice. This section aims to appraise the quantitative and qualitative nature of this transparency, by examining local and international perceptions on the government's publication of oil revenue payments, as well as two issues that many Angolan interviewees perceived to be central to the discourse on ORT in Angola: budget transparency and the Law on Administrative Probity that aims to further the right to information in Angola.

“Publish What You Pay”: Revenue Payment Disclosures in Angola

As stated above, MINFIN regularly – with a two to three months lag⁸⁰ - publishes information on oil revenue payments on its website. The data reveals how much crude oil the government estimates to have exported since 2007, and how much revenues it deems to have received from these exports, per production block, taxation type, on a monthly and yearly basis. Since 2008, it also contains information on the price of oil per barrel, which as the website makes clear, is related to “the market price and not the tax reference price determined by MINFIN and MINPET”, whilst the “revenues of the Concessionaire” are based on Sonangol's declarations after the deduction of 10 per cent⁸¹. The revenues are estimated both in Kwanzas and in U.S. dollars and are calculated based on tax returns made to the national tax department by oil companies. What is more, the valuation of tax payments is made one month after the completion of the oil shipments.

⁸⁰ As reported by HRW (2004: 6), and recorded by the author at this writing (September 2014).

⁸¹ See for example, http://www.minfin.gv.ao/fsys/Pagamento_Efectivo_Mensal_012_Dezcons.pdf [Last accessed on 27 February 2013].

Needless to say, this level of disclosure has been widely acclaimed by critics and supporters alike. Former U.S. Secretary of State Hillary Clinton cited it as a positive step toward transparency during her visit to Angola in 2009⁸², and the World Bank (2006: 44) stated that “this level of published detail is virtually unique among oil producing countries”. Civil society activists equally praised the government, with HRW (2010:6) describing it as an “unprecedented in Angola”, and others in Angola referring to it as “a good step” or a “step forward”⁸³, especially considering that “before they used to publish a spread sheet and then stopped.”⁸⁴

In principle, it is true that the information disclosed makes Angola one of the most transparent among sub-Saharan African oil-producing states. An analysis of EITI reports produced until 2011 indicated indeed that several EITI implementing countries lagged behind in terms of the regularity and quality of the data published in EITI reports, as well as their coverage and comprehensiveness. Many such reports did not cover all companies operating in the sector; nor did they include the monetised value of the commodity exported (Gillies 2011). Nigeria, the region’s biggest oil producer, had produced ten EITI reports, on average every three years after the fiscal year of the data. But these reports did not contain information on the price of crude oil sold by the government, the total production figures, and total government receipts⁸⁵, rendering it extremely difficult to make an informed judgement about whether the government received the revenues that it is owed.

These differences notwithstanding, an in-depth analysis of the information released by MINFIN and other government agencies raise serious questions about its “dubious quality”⁸⁶, lack of credibility and integrity. The issue is that there are “a lot of grey areas,

⁸² US Department of State, Secretary of State Hillary Rodham Clinton, “Remarks with the Angolan Foreign Minister Assuncao Afonso dos Anjos,” Luanda, Angola, August 9, 2009, available online at <http://www.state.gov/secretary/rm/2009a/08/127029.htm>, last accessed on March 10, 2013. See also the Business and Anti-Corruption Portal online at <http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/angola/show-all/> [Last accessed on 10 March 2013].

⁸³ Interviews with an Angolan oil service worker and trade unionist, Luanda, 6 August 2010; and with a senior transparency campaigner, 16 December 2010.

⁸⁴ Interview with Angolan extractive industry analyst, Luanda, 10 August 2010.

⁸⁵ See <http://data.revenuewatch.org/eiti/country/nigeria/2008/16761.php> [accessed 17 March 2013].

⁸⁶ Interview with a Western human rights advocate, 11 June 2011.

and a lot of discrepancies in the numbers that Sonangol gives, the ministry of finance gives, the ministry of petroleum gives”, and there is “no way that we can consolidate or harmonise the information for it to be credible.”⁸⁷ These difficulties prompted one critic to treat the data as “drafts because they have not been audited or verified by civil society, or even put under the scrutiny of EITI.”⁸⁸

Table 4: Oil Revenues Data (2008-2012); amounts in billions of Kwanzas.

Source: MINFIN’s website .

Table 5: 2009 Oil Revenues in billions of Kwanzas from Various Official Sources

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Source: Jensen and Paulo (2011: 33).

A recent analysis of the reporting of oil revenues in 2009 reinforces these calls to treat the data released with a dose of scepticism. It shows massive discrepancies in the reporting of oil revenues by four different sources in 2009, namely, the budget execution report for 2009; the background analysis budget documents; MINFIN’s tax department and Sonangol’s audited financial statements for 2009 (Jensen and Paulo 2011: 62). According to the authors of the report, the discrepancies stemmed, *inter alia*, from (a) Sonangol’s continuing failure to remit all its payables to the treasury; (b) inconsistency in the reporting format used in main budget or supporting documents; and (c) errors in the calculation of oil revenues reported in Kwanzas. The authors speculate that these

⁸⁷ Interview with an Angolan transparency campaigner, 16 December 2010.

⁸⁸ Interview with an Angolan oil service worker and trade unionist, Luanda, 6 August 2010.

⁸⁹ See http://www.minfin.gv.ao/fsys/Pagamento_Efectivo_Mensal_09_Website_do.pdf.

shortcomings might explain discrepancies between the Kz1,367.9 billion disclosed by MINFIN's tax department and the Kz671.3 billion released on its website for the year 2009 (as highlighted above in Tables 4 and 5).

A second study of oil revenue flows for 2008 contains similar findings. It notes that:

"The official data on oil production, exports, domestic sales, prices and above all, revenues, are not reliable. None of the figures appear to be independently verified (with the partial exception of Sonangol's accounts, which are audited by an international accounting firm). Thus even in cases where different agencies' figures are consistent with each other, there is no external assurance that the figures are accurate. In fact the figures from different agencies show numerous gaps, discrepancies and anomalies which are hard to explain, based on the available information" (GW and OSISA 2011: 4).

Moreover, the report demonstrates how difficult it is to reconcile Sonangol's reporting of US\$91 million paid to the national treasury for "social projects", "a commercial discovery" and "for starting production", with MINPET's reporting of US\$38.99 million as "the cost of social projects" in a way that could give a clear, accurate picture, of how much social bonuses for 2008 were paid to the GoA. This type of classification, the lobby groups conclude, "illustrates, once again, the need for much greater transparency in the ways that figures are categorised and reported across government agencies" (ibid: 39).

It should be stressed that the government acknowledges the difficulties it faces when reporting fiscal data. The fact that both BNA's 2008 and 2009 audits contain some qualifications⁹⁰ on the report's format is a case in point. Other aspects of ORT such as the materiality of this information for, and lack of accessibility by, ordinary citizens are even less discussed if at all, despite the latter being a key component of the right to know. These include. A senior member of staff at one of Angola's oldest NGO told the author:

"I think the most progress has been that there is now more information but the problem is access to information. If you want to know more, you have to say: 'ok. I will spend three hours just to look for the information'. The information is not available in the easy way people could know [...]. Some people say that the information is not received on time. It does not make sense if you tell people now what the revenues from the oil sector were in 2002. What can they do with this

⁹⁰ Interview, Luanda, 4 August 2010.

information now? In terms of influence, how will you use this information anyway? But yes, we have to recognise that there are some improvements on this.”⁹¹

In Angola, one speaks of lack of access in two main contexts: (1) lack of access to the internet; and (2) lack of access to the websites that contain the information in question. A number of reasons explain these constraints, one being the lack and/or bad quality of internet access, and another, frequent electricity shortages. Indeed, the 2008-9 household survey referred to above indicates that only an estimated 0.3 per cent of Angolans had access to the internet in 2008, all of whom resided in urban cities (INE 2010). That means in actual fact that more than 95 per cent of Angolans “do not have access to the data that should be for everyone to see.”⁹² The report equally revealed that only 8.6 per cent of Angolans living in rural areas had access to electricity compared to 66.3 per cent in urban centres in 2008⁹³. Others are more sceptical. One critic asked: “I know that there are difficulties to access internet sites. Here we often say that the system is not good but is it the system or is there a deliberate attempt to create difficulties for people to access MINFIN’s and Sonangol’s websites?”⁹⁴

“Publish What You Spend and How”: Budget Reporting in Angola

One Western researcher present in Luanda at the time of the author’s field visit suggested that the Angolan civil society was not inquisitive enough about the link between the budget and Angola’s oil-based economy. “Civil society is very conscious about the link between the budget and development” he commented, “but to go the extra step to say: ‘where does the budget come from?’ is not something that people often ask.” The informant made this observation after a visit to a Luanda-based INGO whose library has “a section on everything but they do not have a section on petroleum.”⁹⁵ Chapter 8 will illustrate why and how this point matters. Worth pointing out, however, that it cannot be generalised. In fact, whereas the previous subject matter was more often than not brought about in conversations by the author, that on budget transparency was inter-

⁹¹ They both mention that the preparation and presentation of financial statements in accordance with international accounting standards and procedures “is a challenge which the National Bank of Angola aims to achieve gradually and consistently”; a statement clearly absent from the following *Relatório & Contas 2010* audited by PriceWaterhouseCoopers (BNA 2009, 2010).

⁹² Interview with an Angolan oil service worker and trade unionist, Luanda, 6 August 2010.

⁹³ Electricity shortages became a thorny issue not just for many Angolans but also most businesses in 2006, when 37 per cent of all firms operating in Angola classified electricity supply as their biggest obstacle in Angola. This was replaced in 2010 by corruption. See Weimer (2012: 13).

⁹⁴ Interview with an Angola CSO activist, Luanda, 13 August 2010.

⁹⁵ Interview, Luanda, 13 August 2010.

viewee-generated together with LAP and oil companies' labour practices. And this is not only because they understand and appreciate the fact that "most of our budget depends essentially on oil"⁹⁶, but more so, because they consider budget transparency to be essential for citizens' exercise of their right to know, a key ingredient to build accountability and trust between the government and the Angolan people, and by implication, a crucial measure of progress on revenue transparency.

An interviewee spoke of budget transparency being "very crucial because it touches people's lives; everything that the government is supposed to do is for the people and these people should know how much, and how the money is spent."⁹⁷ However, as another added, Angola is obviously different from developed countries where people are not looking at the budget every day because "they have the trust that they can leave it up to people that can make the right decisions; and if they want to know, they can go to the designated authorities and they can get the information sought after"⁹⁸. In Angola, information is usually not available. Whenever that information is eventually made public, one recurring challenge is that it does not circulate freely throughout the country, so much so that there is always much more information available in the capital and in other big coastal cities than there is in the interior⁹⁹.

One way of measuring the progress that Angola has achieved on the transparency of budget reporting is by analysing the results of the surveys commissioned by the Washington-based International Budget Partnership (IBP). IBP launched its groundbreaking Open Budget Index (OBI) in 2006, and has to date conducted four biennial surveys, in 2006, 2008, 2010 and 2012. The surveys are conducted by local researchers and research teams, then peer reviewed by one or more researchers, before being approved by staff at IBP headquarters. They use "internationally accepted criteria" to assess four key areas: (a) the availability of the eight key documents referred to in Table 6; (b) the comprehensiveness of the information contained in those documents; (c) the degree of oversight by the legislative and supreme audit institutions; and (d) the level of public participation in the budget process. As an overview of all these areas is beyond the scope of this chapter, it will concentrate essentially on offering a synopsis of the results pertaining to areas (a) and (b). These findings are complemented with those of

⁹⁶ Interview with Angolan CSO representative, Luanda, 13 August 2010.

⁹⁷ Interview with Angolan analyst, Luanda, 10 August 2010.

⁹⁸ Interview with Angolan consultant, Luanda, 10 August 2010.

⁹⁹ Interviews with several Angolan activists, Luanda, 6-10 August 2010.

the World Bank, IMF and Norway's Chr. Michelsen Institute (CMI) (see CMI 2007 and 2011).

As per IBP, transparency of budget reporting increased from a mere 5 per cent in 2006 – perhaps the country with the least transparent budget process at the time -, to 4 per cent in 2008, 26 per cent in 2010 and 28 per cent in 2012. But these scores do not reveal much about the specific areas where progress has been achieved. In order to give these numbers a meaning, one needs to take a closer look at IBP analysis of budget data and at Table 6 that comprises the type and publication date of budget documents publicised during the period under study.

Table 6: Availability of Key Budget Documents (2006-2012)

Documents	Publication Status			
	2006	2008	2010	2012
Pre-Budget Statement	-	-	-	-
Executive's Budget Proposal	-	-	2009	2012
Citizens Budget	2005	2007	-	-
Enacted Budget	2005	2007	2009	2011
In-Year Reports	-	-	-	2011
Mid-Year Review	-	-	-	-
Year-End Report	2004	2006	2007	2010
Audit Report	-	-	-	-

Source: IBP (author's compilation).

Table 6 signals that the advancement made in 2010 and 2012 rested almost exclusively on the fact that the government made the executive's budget proposal available on the website of the Ministry of Finance before it is approved by the National Assembly, and the production and release of the in-year report in 2011. This is in stark contrast with past practices where the budget proposal was considered public only after parliament's approval (Jensen and Paulo 2011: 73). The release of the 2011 year-end report equally points toward a significant shift from the previous official position that releasing in-year reports would be a "waste of time" since the same information would be obtainable from year-end reports (IBP 2010: 6). The dissemination of the 2012 executive budget proposal was also published within a shorter time lag than that published when the preceding survey was conducted in 2010, but this element was not taken into consideration by IBP researchers since timeliness was not one of the criteria used by the organisation to measure advances on budget transparency.

As far as the comprehensiveness and coverage of budget documents are concerned, one witnesses an interesting change in the classification of public expenditures which the Bank (2007: 3) had previously identified as a problem in Angola. In 2010, for instance, information recorded on budget expenditures was classified per fiscal unit, ministry, individual programme and per province. The following year, the executive released an *Integrated Municipal Programme for Rural Development and Poverty Reduction* covering details of projects to be carried out at the municipal level in every province. This step was described by an OBI reviewer as “increasing transparency about expenditure immensely”, a step which the government “should be commended for” (IBP 2012: 88).

Significantly, one remarks improvements in the reporting of annual domestic and external debt repayments, interest rates payments, different sources of tax and non-tax revenues, and macro-economic forecast with estimates on oil and diamond prices and production; all of which were noticeably absent before 2010 since the executive’s budget proposals were not published (IBP 2010: 18). Moreover, a number of high level workshops and conferences were organised on petroleum revenue management and on the first US\$2 billion credit line from China, that is, in addition to the disclosure of information on Chinese and Portuguese credit lines referred to in the second section. This is quite remarkable considering, as discussed in the previous chapter, that oil-backed loans was one of those topics Angola’s petro-elites were the most tight-lipped about during the nineties.

The aforementioned initiatives regardless, Angola’s relatively low scores do reflect the fact that a lot more still remains to be done. To cite IBP analysts, “the government provides the public with minimal information on the central government’s budget and financial activities assessed by the Survey. This makes it extremely difficult for citizens to hold the government accountable for its management of the public’s money” (IBP 2010). One major challenge in relation to budget reporting is the inconsistency and timeliness in the reporting of relevant information. Table 5 illustrates, for instance, that documents of critical importance such as audit reports, which constitute “one of the most basic building blocks of budget accountability” (TAI 2011: 1), or citizens’ budgets which are supposed to unpack the budget in simple terms in order to give citizens a clearer idea of how public resources are to be managed, are only rarely produced or published, if at all. The latter, or rather “a small summary” of the budget was publicised in 2005 and

2007, but “when they changed the minister [of finance], they just stopped”¹⁰⁰. In addition, budget execution reports (represented in Table 6 by year-end reports or general state accounts (*Conta Geral de Estado*)) continue to be released with a significant time lag - usually two to three years after the end of the financial year covered in the report (IBP 2012: 123)¹⁰¹ -, leading some to call into question the credibility and integrity not only of the information released but of the entire budget process. One Catholic Priest conveyed this sentiment when he declared:

“It is true that there is a higher degree of transparency in the sense that you have the budget in the website of the ministry of finance; but just the budget. Then if you want to have access to the information about the real implementation, it is very hard; very very hard. So then, the budget is just a paper. It’s a paper!”¹⁰²

Another shortcoming is that core budget information such as key assumptions on social issues, the composition of government debt and outstanding debt stock, or multi-year estimates of aggregate expenditures are missing from the documents released. That is, in spite of the social sector representing 30 per cent of total expenditures as of late; and despite the provision of the latter being specified in the 2010 constitution.

Regrettably, one observes that the duality of Angola’s public financial management which was such a concern during wartime has somewhat been maintained, as reflected by the fact that there continues to be little or no information on “secret items” or “administrative costs”. These are reportedly included in a separate budget approved by the President of the Republic (IBP 2012: 77), and constituted a “substantial portion of expenditures” especially in the 2006, 2007 and 2008 budgets according to a 2008 U.S. embassy cable¹⁰³. Considering that spending on defence, security and public order has often been qualified as “secret”, this finding is broadly in line with Angola’s F scoring on Transparency International’s relatively new Government Defence Anti-corruption Index which analyses corruption risks in defence establishments from 82 governments¹⁰⁴. This scoring – the worst in the Band shared with countries like the Democratic Republic of

¹⁰⁰ Interview with an Angolan extractive industries analyst, Luanda, 10 August 2010; emphasis added. Please note that the 2014 citizens’ budget is available online at <http://www.minfin.gv.ao/fsys/Orcamento-Cidadao-2014-2-24.pdf> [Last accessed 23 September 2014].

¹⁰¹ By way of illustration, the 2012 General State Accounts was still not obtainable at this writing (September 2014).

¹⁰² Interview, London, 5 July 2012.

¹⁰³ Please refer to <https://cablegatesearch.wikileaks.org/cable.php?id=08LUANDA206> [Last accessed 05 October 2014].

¹⁰⁴ For more on the index, please refer to <http://government.defenceindex.org/>.

Congo and Cameroon –, reflects weak procurement procedures, lack of effective oversight, as well as the industry's domination by private military and security companies with links to Angola's generals (TI UK 2012).

Likewise, a major drawback remains lack of access to information on Sonangol's quasi-fiscal activities, extra-budgetary funds and transfers to the budget, some of the important aspects pertaining to the principles of unity and universality of the budget which were critically and consistently violated during wartime and soon after the end of the civil war (World Bank 2005: 45). In section 2, it was noted that Sonangol has audited its financial accounts since 2003, although it is only from May 2010 that it made these audited statements public. In 2005, the Bretton Woods institutions recorded some incremental changes. In 2005, the World Bank mentioned evidence of "remarkable progress in the elimination of the so-called 'unexplained discrepancies' from the budget" (World Bank 2005: 11). A few years later, it was the turn of the IMF (2012: 5) to disclose that Sonangol remitted US\$2.7 billion as of the end of February 2012. This was lower than the IFI expected, but still represented a major shift towards positive change. Additionally, the Fund (IMF 2014: 11) referred to the reduction of Sonangol's extra-budgetary funds from US\$9.3 billion in 2011 to US\$3.5 billion in 2013, acknowledging the Angolan authorities' decision to revoke Sonangol's authorization for extra-budgetary spending on housing programmes.

Surprisingly perhaps, Sonangol's own statements are as silent on its transfers to the treasury and budget as the main budget reports cited in Table 6. Jensen and Paulo (2011: 34) reported that the main criticisms of the international auditors centred on this shortfall. In December 2011, Sonangol's non-payment into the budget made the headlines once again, when the IMF was forced to explain that it was partly to blame for the US\$32 billion accounting gap – the equivalent of 25 per cent of Angola's GDP - which it identified in the period from 2007-10 (See IMF 2011: 9; *Angop* 2012; Vieira 2012).

However, incompleteness of budget data is not confined to Angola; indeed, it is a common problem in many government financial systems (Development Alternatives 2008: 2), which therefore requires that Angola's OBI scores be put within their regional context. Tables 7 and 8 illustrate just how far apart Angola's levels of transparency are from the region's major oil exporters, and its neighbours. One crucial finding is that lack

of budget transparency is more acute in Angola's oil-rich peers than it is with its neighbours, all of whom are rich in minerals. The notable exception is the Democratic Republic of Congo, which scored 0 per cent, 6 per cent and 18 per cent in 2008, 2010 and 2012 respectively. In effect, with the exception of Ghana which consistently scores between 40 per cent and 50 per cent throughout the period of coverage, Angola's scores are higher in 2010 and 2012 than those of Cameroon, Chad and Nigeria whose scores were downgraded from 18 per cent 16 per cent.

Table 7: Angola's OBI Scores vs. OBI Scores of Key African Oil-Rich States

	2006	2008	2010	2012
Angola	5	4	26	28
Cameroon	29	5	2	10
Chad	5	8	0	3
Ghana	42	49	54	50
Nigeria	20	19	18	16

Source: IBP (author's compilation).

Table 8: Angola's OBI Scores vs. OBI Scores of its Neighbours

	2006	2008	2010	2012
Angola	5	4	26	28
Botswana	65	62	51	50
Dem. Rep. of Congo	-	0	6	18
Malawi	41	28	47	52
Namibia	51	47	53	55
South Africa	85	87	92	90
Zambia	37	47	36	4

Source: IBP (author's compilation).

Furthermore, Angola is the only country which improved the most, with Zambia being the one whose scores significantly dropped from 34 per cent in 2006 to 4 per cent in 2012. De Renzio and Simson (2013: 3) add that Angola is one of 11 countries in Africa out of 26 in sub-Saharan Africa which published both the budget as approved by the legislature and annual reports that detail actual revenues and expenditures. The other country in the list is South Africa, the country whose budget data is, according to IBP, the most transparent in the region and one of the most transparent in the world. In fact,

in 2010, South Africa was the most transparent in the world – with a score of 92 per cent -, only to be dethroned in 2012 by New Zealand when its scoring went down by two percentage points. Needless to say, unlike Angola, this neighbour produces and publishes all eight key budget documents covered in the survey, providing some of the most comprehensive budget data¹⁰⁵.

“Publish What You Own” and LAP

Until recently, corruption was a term “rarely used in government circles despite Angola's poor record on graft” (Almeida 2009). Even when presented with allegations of corruption, the government was “always on the defensive saying that these are only accusations.”¹⁰⁶ Lonely voices included Cabinda's Vice Governor, João Santos de Carvalho Mesquita, who was among the first officials to make public provincial government reports after being criticising “the mismanagement of public funds by successive provincial governments here in Cabinda” in a 2003 interview (IRIN 2003).

The President had occasionally denounced corruption. He promised, during the 1996 economic crisis, to “put a definitive end to high-level crime, to organised theft and to the pillaging of state assets”; and declared, in 1998, that “corruption is a worrying problem that must be tackled by political and judicial means and by the police if we are not to lose control of it” (Marques 2010). However, these denunciations almost always seemed destined to national audiences. Outside these forums, most politicians would simply not accept that corruption is prevalent. As one of the government's harsh critics opined, “it is one of those things you'll find that a thief will not say that he is a thief unless he is caught.”¹⁰⁷

Nowadays, the major difference is that state officials are using every possible avenue to “market” the GoA's anti-corruption and good governance policies, particularly to international audiences. The former British Ambassador to Angola confided, for example, that corruption was “the longest topic talked about” during his meeting with

¹⁰⁵ The slight change that occurred between 2010 and 2012 can be explained by a minimal reduction in the quality of the executive's budget proposal, the citizens' budget and year-end report. See <http://internationalbudget.org/wp-content/uploads/OBI2012-SouthAfricaCS-English.pdf>.

¹⁰⁶ Interview with an Angolan transparency campaigner, 6 December 2010.

¹⁰⁷ Ibid.

President Dos Santos in May 2010. According to the diplomat, the Angolan President emphasised several initiatives such as the anti-corruption legislation and increases in the number of prosecutions.¹⁰⁸ LAP, the anti-corruption legislation in question, is an offspring of the president's 'zero tolerance' policy on corruption launched in a party conference speech in November 2009.

In general terms, LAP is designed to tackle corruption at all levels of public sector¹⁰⁹. It defines "civil servant" as "members of the executive", of the parliament, judiciary, armed forces and police, public foundations and state-owned companies, local and central administration as well as "private companies that have been given public function through concessions, licences, contracts or other contractual ties (Article 15). Among other things, the Law prohibits the civil servant from: (i) benefiting directly or indirectly from gifts (in cash or in kind) made by individual or collective entities, be they Angolan or foreign (Article 18a); (ii) directly or indirectly obtaining economic gain by facilitating the acquisition or transfer of assets or public goods by or to the public entity at a price below its market value (Articles 25 (1)(b) and (c)); (iii) acquiring goods whose value is disproportionate to his/her salary in the process of exercising the mandate, task or public assignment (Article 25 (1)(g)); and (iv) directly or indirectly obtaining an economic gain by intervening in the availability or application of public funding of any kind (Article 25 (1)(l)).

Furthermore, LAP subjects civil servants to the declaration of "titles, income, entitlements, stock shares or any other form of good, located in Angola or abroad" (Article 27 (1)). These declarations have to be made every couple of years (Article 27(2)), submitted in a sealed envelope, and be forwarded to the State Prosecutor within eight working days from the time of submission (Article 27(5)). Crucially, this provision only applies to "magistrates or public prosecutors"; "managers or persons in charge of local or central administrations"; "managers of national heritage affecting the armed forces and state police" and "managers and persons in charge of public institutions, funds or public foundations and public companies" (Article 27(1)(b) to (e). Article 32

¹⁰⁸ Ambassador Wildash, speaking at Chatham House, London, 21 May 2013.

¹⁰⁹ The English translation of the text is by the author, through a translator.

gives any individual the right to lodge a complaint about impropriety, to which the Attorney General should respond within twenty days.¹¹⁰

Legally, LAP is not an innovation per se, as it simply brings together in a single legal document, provisions that are dispersed among various laws, leading one activist to question why these older laws were not enough to curb corruption in the first place (Marques 2011: 22)¹¹¹. Still by far the biggest concern with LAP is that it is non-transparent and discretionary. In other words,

“It is not forcing civil servant to disclose their wealth. It is not compulsory and it is just a request that is made and this is made in such a way that it is not made public. So, the civil servant will write something, put it in an enclosed envelope and gives it to the national assembly or the Court of Accounts, but that will never be open and it will never be made public. Access to it has to be done upon request, and at the reservation of the highest authority [the President of the Republic]. So, it is an initiative but it is a closed initiative; it really does not promote transparency at all.”¹¹²

Another respondent expanded on the question of access to the declarations. In his view, LAP is “just like a mockery”, since “even the Prosecutor general is not allowed to have access to it unless there is a case in one of our courts, then the case imposes access to the declaration of assets.”¹¹³ The other biggest grey area regards its exemption of key “civil servants”. As one civil servant previously engaged in ORT declared,

“There the President of the Republic, the Vice President of the Republic and the President of the National Assembly are exempt from submitting, before the Attorney General of the republic, information about their private property. Not just

¹¹⁰ Whereas LAP entrusts the aforementioned responsibilities upon Angolans, Angola’s Private Investment Law (Law No. 20/11) of 20 May 2011 calls on private investors to “denounce, direct to the Public Prosecution Service, in accordance with Law No. 3/10, March 29, 2010 — the Public Probity Law, any irregularities, illegalities, and any acts of improbity in general, attempting, directly or indirectly, to harm their economic interests, even before their investment application has been officially approved” (Article 16(2)).

¹¹¹ These Laws include the Law on Crimes Committed by Public Office Bearers (Law 21/90), the Law on State Discipline (Law 22/90), and the Law on the Patrimonial Benefits of Public Officials (Decree 24/90 of 6 October). One leading Angolan anti-corruption campaigner adds that LAP can and perhaps should be read in conjunction with other legal documents, including the Law on the Crimes Committed by Public Office Bearers that also prohibits the conflation of public and private functions (Article 10 (2)); the Angolan new ‘draft’ Penal Code, that defines acts of ‘passive’ and ‘active’ corruption, embezzlement and influence peddling (Articles 343-51); and the African Union’s Convention Against Corruption, the United Nations Convention Against Corruption and SADC Protocol Against Corruption that the GoA ratified. See Marques (2010, 2013) and the Preliminary Draft Penal Code.

¹¹² Telephone interview with an Angolan transparency campaigner, 6 December 2010.

¹¹³ Interview with an Angolan Dominican Priest, London, 5 July 2012.

a matter of example; how can you talk about probity when some are exempt to fulfil their responsibilities? It is as if they are people who cannot be punished. One has to wait for them to leave office before prosecuting them, when we are talking of capital flight worth billions each year. Imagine that it is billions that are lost! I'm not saying that they are thieves, but suspicious, they sure are.”¹¹⁴

If, as this interviewee suggest LAP is not applicable to “people at the top”; if as the Law stipulates, the information disclosed is classified as “state secrets” and therefore cannot be publicly disclosed “even for the purpose of blowing the whistle on impropriety” (Article 27(7)); and if access to the information by the Attorney is denied except under certain circumstances (Article 27(6)), what effect can it thus have on actual practice? Some take a fatalistic view. “It is just a fake law. It cannot have a big impact.”¹¹⁵

As the foregoing expose shows, there is still a long way to curb corruption in Angola. What complicates matters is the commingling of public and private interests in the Angolan economy, to the extent that it is not always clear in the legislation promulgated what information the government considered public versus private. Beyond conceptual issues, the biggest challenge to the fight against corruption in Angola lies in the implementation of the legislation, which gives the impression that it cannot necessarily be fought and won at the level of institutions. One interlocutor affirmed that “the main problem is not the formality of the law but rather respect of the law. Unfortunately, the bad example comes from the top: the president does not respect the law, judges, generals, no one respects the law.”¹¹⁶ Another asserted that “we are seeing the political will through the enactment of laws, some of which are good laws but the implementation of these laws is the problem.”¹¹⁷ A third interviewee asked: “I don’t know anybody who does not think that there is a high degree of corruption in Angola; so who is being held accountable for it?”¹¹⁸ According to this informant, the best way to gauge the effectiveness of ORT and anti-corruption measures is “by seeing if there is any high level official being investigated under this law”.

Indeed, whereas in Nigeria where “governors are being arrested [and] nobody is invisible”¹¹⁹, in Angola on the contrary, key players largely remain unaccountable. Actually, it seems that “what they are doing is pull out some individual cases to show

¹¹⁴ Interview, Luanda, 13 August 2010.

¹¹⁵ Interview with an Angolan Dominican Priest, London, 5 July 2012.

¹¹⁶ Interview with an Angolan human right activist, Luanda, 5 August 2010.

¹¹⁷ Interview with an Angolan transparency analyst, Luanda, 10 August 2010.

¹¹⁸ Telephone interview with a Western human rights advocate, 7 June 2011).

¹¹⁹ Interview with Nigerian scholar, Coventry, 5 July 2010.

that the government acts on this corruption but there is no such a fight because if you get a minister into a jail, all of them would be going to jail.”¹²⁰ This contributor’s colleague agreed, adding:

“But you see [...] they would never do public trials of government officials unless it would serve a certain cause. I think if they want to get rid of that person anyway, then they can use trial as a show trial to say that they are doing something. But if they were really dedicated and if the combat against corruption was really effective, then many more things should be happening, and at the moment they are not happening. And everybody knows that a lot of people are corrupt. But yes as you say, if one were to go, then all of them would have to go and it is not going to happen.”¹²¹

Marques de Morais (2012) speaks of a trend towards the “legitimation” of corruption, which sees the president reappointing public figures at the centre of allegations of corruption and wrongdoing. If the nomination of Falcone to the ambassadorial role in the ‘Angolagate’ scandal (Chapter 3) provided some indication of this tendency, the latest case involving Manuel Vicente does provide further illustration of it as it will be shown in Chapter 5.

WHAT ORT IN POSTWAR ANGOLA?

This chapter was designed to give an overview of the shape and content of the ORT reform programme implemented in Angola since 2002 in order to foster a better understanding of the nature of the novel practices of transparency that are prominent in postwar Angola. To recapitulate, the chapter confirmed that change is afoot, as visible for instance in the fact that a right to know is established in statutory documents such as the Constitution and LAP. The other significant points to highlight regard the context within which ORT reforms were implemented, the involvement of external actors and the diversity of domestic actors. Notably, whereas the government previously argued that it could not fulfil transparency requirements because of the civil war, the post-war changes evolved under both favourable and difficult circumstances, notably through an oil boom, a financial crisis, in between two electoral victories, and “amid fast-growing sophistication of economic management and spectacular headline GDP growth” (Shaxson 2009: 55). Surprising too is Angola’s extensive reliance external experts, from international consultancy firms, to lawyers and IFIs; and the extent to which it opened its

¹²⁰ Interview with an Angolan transparency analyst, Luanda, 10 August 2010.

¹²¹ Interview with an Angolan consultant, Luanda, 10 August 2010).

books to international scrutiny. The SBA agreed with the IMF in late 2009 represents perhaps the biggest signal of this shift as it was the first IMF-monitored programme that has ever been completed in post-independent Angola.

In sum, the question that derives from the foregoing analysis is not whether there is increased ORT but what constitutes ORT in postwar Angola. The brief review of reform components in the second section above suggested that the government frames ORT as an economic and technocratic issue; an approach which is clearly aligned with that adopted and endorsed by most multilateral organisations. This approach basically emphasises institutional strengthening through the clarification of the roles and responsibilities of, and increasing the coordination between, the different government agencies responsible for the collection and administration of oil revenues; information disclosure as with the release of data related to the budget, national debt and oil revenues; process transparency as with the 2005-6 oil licensing round; and assurances of integrity, which government agencies sought to give by conducting and disseminating findings on audits conducted of oil companies, including Sonangol, and BNA.

The chapter's investigation of actual practices of information disclosure raised some doubts over the efficiency gains of this Angolan "data revolution". As it showed, this revolution falls far short from fulfilling some of the basic requirements for full ORT, such as clarity, reliability, frequency, timeliness and relevance of the public information. For instance, the chapter highlighted how blinkered the increased levels of ORT are by: (a) discrepancies in the data provided on revenue inflows and budget process by the different sources of information cited above; (b) the incomprehensiveness of the data covered in key public documents, which in turn, translates into lack of public oversight on historical aspects such as Sonangol's quasi-fiscal activities and off-budget spending on defence and security; and (c) the mostly external direction of Angola's ORT, to the extent that while in the past the sharing of information occurred merely between the government (mostly MINFIN) and IFIs, there is currently much more information produced and disseminated within and between government departments (chiefly between and within MINFIN, BNA and Sonangol), or between the government and IFIs; but significantly less so between the government and the intended primary information users who are Angolan citizens.

The comparison with some of the region's other key petroleum exporters and Angola's neighbours suggests that the challenges underscored above may not be unique to Angola, and that in fact, Angola may have made great strides when compared to other key players. That this partial transparency on display since 2002 is endorsed and widely praised in some international circles and yet does not allow information to be easily located or accessed by citizens within the country calls into question the credibility of both the information and information senders, and indeed, the usefulness and credibility of the information itself. This also begs the questions: For whom is this transparency really intended, and what for? Besides, what are the consequences of this 'supply-side' approach to governance for the effectiveness of the anti-corruption agenda, and what does it say about the role of civil society and citizens in these processes? Responding to these sets of questions is all the more pressing considering the concern raised above about the trend towards the legitimization of corruption in the country the concern raised above about the trend towards the legitimization of corruption in the country, and recent allegations of "downstream" corruption in the oil industry.

CHAPTER 5

ORT: CURE OR TOOL FOR THE LEGITIMATION OF CORRUPTION IN POSTWAR ANGOLA?

“The more the public domain is privatised, the more that the private is politicised and becomes a matter of public concern.”

Shamir (2005: 93).

“Most rumours you’ve heard are not true.”

Isabel Dos Santos, in an interview with Tom Burgis of the *Financial Times*, 29 March 2013.

“Unless transparency is seen to make a difference, introducing or increasing transparency may have damaging rather than beneficial effects.”

Heald (2006: 36).

The previous chapter gave a clear indication of the dual character of Angola’s ORT model, showing increased transparency in areas revolving around incoming revenues and less transparency on government expenditures. The current chapter takes this issue further by focusing specifically on the oil industry’s operations which have become increasingly important as avenues for hidden transfers of payments to the ruling elite. As a 2005 report by the London-based think tank Chatham House noted,

“While the IMF and actors in international capital markets all require far better transparency and economic management, Angolan leaders prefer dealing with international markets because they do not represent direct interference but offer a more impersonal set of opportunities from which Angola’s leaders can pick and choose. The preferred way forward is thus to push rent-seeking activities “downstream” and to more invisible forms [...]. This might mean that it is still possible to operate the networks while making it harder for the IMF to be able to publicly identify the specific rent-seeking mechanisms and thus withhold their support” (Vines et al 2005: 15).

This chapter will expand on this point by investigating just how big a problem “downstream” corruption is with relevant empirical evidence emanating from specific case studies. It identifies three specific areas that are at risk of ‘downstream’ corruption: (i) during the award of E&P contracts; (ii) in the nascent oil service industry; and (iii)

through the 'resource-for-infrastructure' deals. After an analysis of each of these aspects, the chapter re-examines the facts and issues raised by the latest case of Cobalt's operations in Angola which has wider implications for the regulation of the oil industry in Angola and beyond.

MAPPING 'DOWNSTREAM' CORRUPTION RISKS IN THE OIL INDUSTRY

Al-Kasim et al (2008) point out that the relation between a producer government and oil companies spans across the entire value creation process in the upstream sector, from pre-licensing all the way to cessation and decommissioning. Each of these stages has a bearing on the efficiency, productivity and profitability of the oil sector with implications for both sets of actors, but they can be exposed to corruption too. Among those aspects of oil sector regulation that are at higher risks of corruption, the authors cite the pre-qualification phase; the tender, selection and award of oil licenses; and the decision about production profile and cost recovery schemes (Al-Kasim 2008: 20).

This section deals with the first two stages – under the heading of 'award for E&P contracts' – because they have since emerged as the most prone to corruption in the Angolan oil sector. One interviewee went as far as declaring that no other aspect of the Angolan oil industry had as "clear" a corruption risk as "the allocation of oil E&P rights where it is common practice - not in all cases, but in many cases - for Sonangol to require foreign companies to accept a local company as a minority partner." In most cases, he proceeded,

"[...] you can establish the ownership [of oil companies] because it is someone with the same name as a government official. So, there are certainly grounds to suspect that these companies are proxies of corrupt officials within the government who are inserted in this field, and this is a legitimate suspicion although I know in certain cases you cannot prove that this is definitely happening."¹²²

Marques (2011: 29) corroborated this point when stating: "As international calls for transparency in oil revenues have grown over the past decade, Angolan leaders now circumvent outside pressure by openly capturing shares in the oil blocks, through joint ventures with powerful multinationals."

¹²² Interview, 7 March 2011.

Award of E&P Contracts

One of the key questions regarding the award of E&P rights is whether “bidding procedures for awarding licensing rights and contracts are transparent and competitive” (Alba 2009: 23). According to the Promoting Revenue Transparency project initiated in 2007 by RWI and TI¹²³, there are divergent practices in Angola. Specifically, Sonangol appears to be one of the lowest performers on the reporting of payments and supplies to governments, procurement services and anti-corruption programmes, but one of the most transparent oil company on the reporting of licensing criteria and licenses (RWI and TI 2008: 18). This last finding reflects improvements visible during the 2005/6 oil bidding round predicated on provisions encrypted in the Petroleum Activities Law of 2004¹²⁴, and the cancelled licensing round of 2007/8. As one European lawyer familiar with these processes noted, the process of allocating E&P rights during these two licensing rounds was similar to the way the Angolan authorities have consistently looked at licensing rounds before the pre-salt licensing round of 2011¹²⁵.

Typically, for oil companies to be granted the right to operate an oil block, the Angolan Government has to issue a Concession Decree, published in the Angolan Official Gazette (*Diário da República de Angola*) (INTSOK 2011: 13). In the Decree, the government advertises blocks to be awarded, information regarding the blocks, as well as the terms of reference. Oil companies that are interested to bid have to decide whether they want to bid as operators or non-operators, and they are required to pre-qualify according to the criteria set. Deadlines for the submission of bids are set by the Angolan authorities, and geological and other data pertaining to previous operations are usually available for licence applicants to buy directly from Sonangol. The Angolan authorities usually take “a very professional approach” by attending and providing useful

¹²³ The project was launched with the aim of studying the reporting practices of leading oil and gas companies. Two reports were produced in 2008 and 2011 that review these companies’ reporting of payments and anti-corruption programmes; organisational disclosure and NOCs’ reporting practices, including on regulatory and procurement issues. 42 and 44 companies were surveyed for the 2008 and 2011 reports respectively (RWI and TI 2008, 2011).

¹²⁴ Article 44 (3) of Law No.10/04 states that “[...] the National Concessionaire shall apply to the supervising Ministry for due authorization to carry out an open tender to define the entities with which it shall associate, whose application for authorization shall be accompanied by the draft terms of reference for the tendering process.”

¹²⁵ Interview, 3 September 2012.

information on the bids to potential bidders during international roadshows¹²⁶. At home, E&P rights are allocated through a “discretionary system” whereby a tender committee – made up of representatives of MINPET, MINFIN and Sonangol - evaluates the bids submitted, MINPET endorses the decision made, and the Council of Ministers gives final approval before a constitutional decree is issued with the names of successful bidders¹²⁷.

The terms of reference are typically “very very strict”¹²⁸. 50 per cent weight is usually placed on the signature bonuses, 30 per cent on the work programme, and 20 per cent on the contribution to social projects. Companies are allowed to bid on signature bonuses, their contribution to social projects and the minimum exploration work programmes. Everything else, including the production scale, outputs, extent of the exploration programme, the production phase is set forth by the Angolan authorities¹²⁹.

These similarities notwithstanding, there were slightly different approaches to the selection of industry participants. During the 1005-06 licensing round, Sonangol sought to limit the number of local participants and the number of blocks on offer in an attempt to avoid the repeat of Nigeria’s “shambolic” auction organised some time earlier (Vines et al 2009: 34)¹³⁰. Overall, it took six months to implement the bidding process, from the date of the publication of the call for tender on 16 September 2005 to the deadline of applications on 31 March 2006. Sonangol pre-qualified 51 companies: 29 companies to bid as operators and 22 firms, including domestic oil companies, as non-operators. The company put seven concessions up for auction: in blocks 1, 5 and 6, in shallow waters off the lower Congo and Kwanza basins; blocks 15, 17 and 18 in deep water of the lower Congo basin; and block 26, a deep water block in the Benguela sub-basin (Oil Voice 2005).

¹²⁶ Interview with a European lawyer, 3 September 2012.

¹²⁷ Interview with an Angolan legal expert, 5 October 2012.

¹²⁸ Interview with Western lawyer, 3 September 2012. For more information on bidding rules and terms of reference, see also Ramos (2012: 6) and INTSOK (2011: 13). Sonangol’s website (<http://www.sonangol.co.ao/>) still contains those pertaining to the cancelled 2007/8 oil licensing round and can be used as a more specific guide.

¹²⁹ Ibid.

¹³⁰ By way of example, whereas Nigeria introduced some of the more formal bidding parameters such as local content requirements and a right of first refusal shortly before or late into the process causing delays and difficulties with due diligence for IOCs (Vines et al 2009: 13-14), A leaked cable from the US Embassy in Angola (dated 6 April 2006) reveals that the sector’s managers relaxed some stringent requirements - such as those linking blocks 17 and 18 to the construction of the planned oil refinery to give bidders more time to submit their bids. See <http://www.cablegatesearch.net/cable.php?id=06LUANDA336> [Last accessed on 4 April 2013].

In terms of the transparency of the process, Angola's 2005-06 auctions were close to good practice¹³¹. They were described by industry insiders as "state of the art", and "among the best in the world" (Heller 2007: 22 citing personal communications with IOCs officials). The view was that "Sonangol entered a new era of transparency": "In a level of transparency not before seen in Angola (or in many oil-producing countries)", read a leaked US cable, "sealed envelopes containing the bids were opened in front of the group and bids were read aloud, including the signature bonus offers."¹³² The bids contained the world records US\$902 million offer by ENI for the relinquished part of block 15, and US\$1.1 billion by Sinopec Sonangol International, Sonangol's joint venture with Sinopec, for the relinquished parts of blocks 17 and 18 (see Table 9). These figures brought in a high level of astonishment among Western oil companies officials, one of whom felt "like history was being made in the room" (cited in Heller 2007: 21).

Table 9: Oil Bonuses Reportedly Paid in 2006

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Source: OSISA and GW (2011).

Although this oil bidding process was laudable in that it represented a significant break from previously opaque practices, it was nevertheless only partially transparent. An unpublished report by RWI signals that the bids were neither open to the public nor the press (ibid: 21-22). Another shortcoming relates to the independence of the process, or the fact that the auctions were managed by Sonangol - an equity partner in all the blocks up for auction - rather than by an independent auction house or international

¹³¹ For a discussion of what may be considered a "best practice" oil bidding process, see http://www.eisourcebook.org/650_56TheAwardofContractsandLicenses.html , last accessed April 1, 2013.

¹³² See <http://www.cablegatesearch.net/cable.php?id=06LUANDA336> [Last accessed on 4 April 2013].

independent observers as in Nigeria. What is more, the weight given to signature bonuses appeared bigger than that stipulated in the terms of reference, which might explain why the largest signature bonus accompanied the award of oil concessions in every case. A third limitation is that the allocation of rights was somewhat influenced by politics as illustrated by the fact that Total was awarded a 15 per cent stake for block 15/06 despite submitting a lower bid than that submitted by Petrobras, Statoil, and Falcon Oil, which received only 5 per cent each¹³³.

The postponed 2007/8 licensing round followed similar patterns in the sense that “there were not major differences in terms of transparency”¹³⁴. Still, it was nonetheless subject to some criticisms due to the fact that IOCs’ payments revenues were only thinly disclosed (see, for instance, Esau 2011; Ramos 2012: 7; Burgis 2012a: 4). As a matter of fact, only Statoil voluntarily revealed that it paid US\$1.4 billion for “signature bonuses and a minimum work commitment” for its stakes in five blocks. Information on other IOCs, including the US\$550 million that BP, Cobalt and China Sonangol paid for “social projects” as part of their deal on block 20 came essentially from secondary sources (Esau 2011; Burgis 2012a: 4).

Another criticism revolved around the fact that this bidding round did not follow the rules established by the Petroleum Activities Law of 2004. On the contrary, this round was organised in accordance with Presidential Decree 297/10 of 2 December 2010, which expressly makes provisions for limited tenders for the award of E&P rights with respect to a) concession areas of lesser risk of investment, b) tenders aimed at promoting opportunities for Angolan private entrepreneurs, and c) strategic areas as defined by the Executive (Silva and Frazão 2013: 28). In this instance, several sources suggested that the purpose was more strategic, meaning that the most crucial aspect taken into consideration for this round was IOCs’ operational experience in the complex pre-salt play. As one of these sources explained,

¹³³ Shaxson once commented about the Angolan regime’s opening “space for informal negotiations”; space which he argued, French oil companies have been more adept at exploiting than say, their American counterparts (Shaxson 2007: 45-46). At the same time, the Angolan authorities are known for paying due regard to firms’ technological capabilities, financial capacity, and exploration experience; a principle spelled out in Article 16 (1) of *Law No. 10/04*. At this point in time, however, it is difficult to ascertain whether any of these two elements were at play during that licensing round. It is possible also, that Total’s award was related to the end of investigations into Angolagate in June 2005 (see Le Monde 2005).

¹³⁴ Telephone interview with Western lawyer, 3 September 2012.

“[The 2005/06 round] was probably the first time that you had a completely open bidding round with people from all sides of the world, you had the Indian, the American. It was necessarily more open because it had different objectives. Open license rounds are for anyone to come in. I think that the reason why some people have said that the pre-salt round was less open is because [certain] companies that wanted to bid could not bid and not everyone was allowed to bid, but I believe that this was more linked to the experience, financial standing and know-how that Sonangol was requiring for companies to participate, than an issue of transparency. In practical terms, the way everything played out afterwards was pretty similar to what you saw in 05/06 and 07/08. It is just that Sonangol really wanted to make sure that the companies that came in were companies that it could trust. And when you see the number and type of companies to which blocks were awarded, they, in fact, went out of their way to try and attract the world’s most qualified players. So it was on a strictly professional basis. That was their arguments all along.”¹³⁵

Another minor difference is that whereas only “a couple of local oil companies” qualified as non-operators in the first open 2005-06 bidding round, Sonangol sought to replicate that experience and bring into the industry more local oil companies that had shown interest in qualifying as non-operators in 2007¹³⁶. As the following paragraphs will show, the issue is that the award of E&P rights to these domestic companies was for the most part inextricably linked to their political connections.

The forthcoming Cobalt-Nazaki case follows the trend set by Prodev and Falcone Oil Holding cited in Chapter 3, as well as others. In this postwar era, three such cases precede the company’s. The first concerns Grupo Gema, an Angolan conglomerate with investments in the construction, beverage, automobile industries (Marques 2009), and a five per cent stake in the oil block 18/06 operated by Petrobras. Created in 1994, the group’s oil subsidiary is one of those domestic companies that count among its shareholders several state and party dignitaries. These included (a) Joaquim Antonio Carlos dos Reis Júnior who served in 2009 as a senior police officer, secretary of the Council of Ministers – the state institution in charge of approving the award of E&P rights as well as investments of over five million US dollars - and Chief Commissioner of the National Police; (b) António Gomes Furtado, the chairman of the Council of auditors of the BNA and advisor to the President; and (c) Jose Leitão da Costa who took on the role of chairman and director of Grupo Gema in 2003 after standing down as the president’s

¹³⁵ Interview with Western lawyer, 3 September 2012; emphasis added.

¹³⁶ Ibid.

chief of Staff, and is alleged to have received \$3 million from Abalone via a Swiss bank account (Marques 2009: 2-3; Global Witness 2011: 13).

The second case relates to a company that was not granted E&P rights but nevertheless was pre-qualified to bid as non-operator in the postponed 2007-2008 licensing round. Equally peculiar in this instance is that the company in question, *Sociedade Hidrocarbonetos de Angola* (SHA), had seven shareholders, among whom (a) Manuel Vicente who is the president's step-nephew and at the time was Sonangol's CEO; (b) General 'Kopelipa', head of the Military Bureau of the President and of Angola's Reconstruction Office; and Leopoldino Fragoso do Nascimento alias General 'Dino', an advisor to the President and head of the telecommunications department for Angola's Presidency. These three individuals are linked to over 40 ventures and reportedly dominate Angola's contemporary political economy (GW 2012a: 11; Burgis and O'Murchu 2012).

Third is *Sociedade Petrolífera Angolana SA* (Somoil). Somoil is an anonymous company that has stakes in seven concession blocks including a 15 per cent stakes in block 4/05. In line with legal requirements, the company was awarded the contract for this block by the Council of Ministers in July 2005, and as part of a production-sharing agreement between Somoil, ACR - another domestic company -, Norsk Hydro which has a 50 per cent in the block and Sonangol, the operator. An internal document suggests that the inclusion of Somoil and ACR in the contract was much to the discontent of Norsk Hydro, which asked the two domestic companies to release details of their ownership (Simonsen Advokatfirma DA and Sidley Austin LLP 2008). After Somoil declined to identify its owners, Norsk Hydro formed an internal task force to consider the matter. It also hired U.S. and Norwegian legal firms to "conduct a due diligence investigation on the Angolan company" (Africa Energy Intelligence 2008; GW 2012a: 15).

The two firms published a report confirming that Norsk Hydro had established the ownership of ACR, but that the company was unable to determine the identities of the owners of Somoil "in spite of the due diligence process". This conclusion was disputed by the industry newsletter *Africa Energy Intelligence* found ironical since it had reported on numerous occasions that "Somoil is simply controlled by interests very close to the Angolan government and particularly [...] to oil minister Desideiro da Costa and the CEO of Sonangol, Manuel Vicente" (Africa Energy Intelligence 2008). One of Angola's top

transparency activists too believed that the information provided by Norsk Hydro was misleading. In his view,

“They [Norsk Hydro] knew about it. [They] tried to demand the Angolan government and the Angolan government told Statoil to take or leave it and they decided to leave it. They know. All these multinational companies know that these are fake companies belonging to the political people in the political establishment. They know, no, common! They know all the people that are in the oil business.”¹³⁷

Africa Energy Intelligence contest that the lawyers’ report was simply “destined to certify the group didn’t have questionable ties with a foreign government”. Whatever the case was, the Norwegian state-owned multinational authorised the execution of the PSA signed in October 2005 regardless “in light of the mitigating steps that had been taken” (Simonsen Advokatfirma DA and Sidley Austin LLP 2008: 14). Norsk Hydro eventually merged with Statoil in 2007 but “despite ample opportunity to do so, Norsk Hydro personnel did not disclose the existence of the issues to Statoil during the due diligence process” prior to the two companies’ merger (Simonsen Advokatfirma DA and Sidley Austin LLP 2008: 2). Statoil got to know only when investigating unrelated corruption cases involving Norsk Hydro in Libya.

Statoil subsequently incorporated “protective provisions”, including “a warranty that the parties would not make corrupt payments and a requirement that any public officials with an ownership interest in one of the partners would not participate in governmental decisions affecting the venture (as already required by Angolan law)” (Statoil 2008: 14; GW 2012a: 15). A company insider claimed that it now uses these measures in conjunction with other anti-corruption safeguards, including the “regular monitoring of all our contracts, ranging from normal supply contracts to partners” and “control mechanisms for corruption”. The informant noted that Statoil is contributing to create awareness of transparency in the oil sector and boasted about the fact that the company was “the only company that discloses [oil payments] in every country”¹³⁸.

More recently, in February 2014 to be more precise, the magazine *Foreign Policy* released a report alleging that Trafigura - the world’s third largest private oil and metals

¹³⁷ Interview with an Angolan transparency activist, London, 17 September 2013; emphasis added.

¹³⁸ Telephone interview with senior IOC official, 21 July 2009; emphasis added.

trader - sold 18.75 per cent stake of one of its major energy subsidiaries to a Singapore-registered company wholly owned by General Leopoldino Fragoso do Nascimento, another high profile public figure (Weiss 2014). According to this report, details of the sale (amounting to US\$213 million) and the purchaser were uploaded to the Luxembourg Stock Exchange, and they show that although the General's shares were subsequently reduced to 15 per cent, the General's stakes were valued at around US\$750 million.

The fifth case the study will return to shortly is that of Cobalt's relationship with Nazaki. In studying this example, one will revisit not just the issues it raises, but also domestic and international responses. For now, it suffices to provide a brief review of corruption risks in Angola's emerging oil service industry.

Corruption Risks in the Emerging Oil Service Industry

So far, the thesis has highlighted at great length the role of Sonangol. Chapter 3 described it as an NOC that fulfils multiple functions: equity partner in oil and gas projects; concessionaire tasked with making and overseeing the implementation of laws, and allocating rights for E&P activities; and negotiator, guarantor and manager of Angola's external debt. It was established that besides raising suspicions that Sonangol's conflating roles have been primarily been at the service of the presidency and its rentier ambitions, its extra-budgetary activities, lack of transparency around oil-backed loans contracted during the civil war and the resulting 'missing billions' that symbolise what the 'Bermuda Triangle' that contributed to the lack of transparency and accountability in Angola's public finances (Hodges 2004). More recently, Sonangol has been granted greater power and control over the procurement process and joint ventures in the oil service industry as part of the recent push to capture the industry's added value, to the point where its approval is often required to import even some of the basic tools needed by the industry¹³⁹.

Critics argue that it is this pivotal role as agent of economic development that makes Sonangol "the undisputed enabler of conflation among public and private interests" alongside the President, and foreign investors who are "an undistinguishable part of the state apparatus" by virtue of their participation in these business arrangements (Marques

¹³⁹ Interview, Luanda, 8 August 2010.

2010: 18). Informally, Western officials are generally the first to admit that these local partnerships facilitate entry into the Angolan market, thereby making it easier for foreign investors to operate in the country¹⁴⁰. When responding to the author's question about the potential risks of Angola's local content policies to American companies' long-term investments, US Ambassador Christopher McMullen went all the way to assert that there is no indication that these policies are "a show stopper."¹⁴¹

That does not mean that they are unaware of the growing risks that this area and others pose to foreign businesses. Elsewhere, the British Ambassador stressed that Angola's reputation with regard to corruption and the ease of doing business remains one major impediment to British companies' investment in the country, along with a perceived dominance of Portuguese and Brazilian firms (cited in British Expertise 2013: 10). Carsten Sønderskov gave a specific illustration of this challenge in the oil industry. Speaking to Danwatch, the former General Manager at Maersk Oil Angola AS confirmed that IOCs can be forced to use assigned local subcontractors, who may often be replaced by other local subcontractors without explanation, even though the latter might be more expensive and sometimes less efficient than the alternatives (Danwatch 2011). He added that corruption risks are likely to increase when companies "start earning money in the country". Ovadia (2012) also explained that Sonangol's interference may take the form of demands for kickbacks or delaying tactics when approving contracts. Citing one Angolan former Chevron employee who abandoned the industry, he explicates:

"If you want to get contracts, you need to give protection to Sonangol. Twenty to thirty per cent (...) I've seen people lose contracts because they didn't pay people in Sonangol to protect them. I know I can get a contract. I'm worried about keeping it" (ibid: 412).

In sum, corruption is far from being a 'local' issue in Angola. In fact, the postcolonial post-war patronage system is now described as "a many-tentacled network linking political power to the economic world" (Pinto de Andrade 2009: 101). It comprises "first generation" MPLA members who benefited from the positive discrimination that was instituted during the colonial period; top military officials (Messiant 1999); state administrators (such as governors and ministers); and ex-FNLA, UNITA and FLEC

¹⁴⁰ Informal conversation with Western diplomat, London, 21 May 2013.

¹⁴¹ Ambassador McMullen speaking at Chatham House, 12 October 2012.

members, many of whom gained privileged access to capital through the mechanisms described in Chapter 3 - including privatisation, external debt, foreign exchange and land grab in the 1990s. Added to these actors is a new class of Europe-educated technocrats with no previous links with the party-state machine but enough economic power to be integrated into the oil-based personalised network of patronage; and a group of investors whose visibility and success are increasingly dependent on entering into partnership with local, mostly influential, figures of the regime, just like IOCs. This last grouping includes both Western and non-Western actors, among whom many are believed to make the most of Angola's 'resource-for-infrastructure' deals.

Oil-for-Infrastructure Deals: New Wine in an Old Bottle?

Oil-backed loans continue to play a prominent role in the financing of government affairs in Angola. Except that unlike in previous years when it was almost impossible to track how the loans were used, in peace times at least, it has actually been possible to visualise how some of the loans contracted are used, partly because the majority of these deals are financing the construction boom that the country is experiencing since the end of the civil conflict in 2002. This policy of rapid reconstruction is one of the most recognised aspects of Angola's developmental agenda, and it has drawn for its financing, implementation and relative success, on public-private partnerships. To date, its biggest funding source is Chinese investors, most significantly, China's Export-Import Bank (EximBank) and China International Fund Ltd. (CIF). China's Exim Bank provided the first US\$2 billion oil-backed loan in 2004 and CIF entered the scene one year later.

The participation of China's EximBank in the post-civil war reconstruction of Angola is beyond the scope of this study. The purpose here, to continue with the theme of corruption and private wealth accumulation, is to expose CIF and its affiliates as one of main vehicles facilitating the regeneration of elite accumulation and elite's transformation into a fully "transnationally-oriented" cabal (Robinson 2010). Whilst policies around China's EximBank seek to "protect local agents from global competition" – as well as providing 'in-house' opportunities for self-enrichment -, CIF's activities alongside that of its partners almost entirely aim to "integrate local agents into emergent transnational circuits" (ibid: 1). This outlook perhaps explains the fact that China's EximBank-funded projects have been managed through official channels, albeit nominally, whereas, judging by the degree of secrecy that surrounds them, projects funded and undertaken

by CIF and others were deliberately conceived to be the purview of Angola's 'parallel' government headed by the presidency and Sonangol.

CIF is part of a global tangled corporate web with resource-for-infrastructure and other commercial ventures in Guinea, Zimbabwe, Tanzania, Mozambique, Madagascar, Nigeria, Singapore, China, Indonesia, Russia and the U.S. The group - dubbed the "88 Queensway group" – also has links with BP, Total and Glencore (Burgis et al 2014). CIF was created in 2003 to finance and manage the construction projects of Dayuan International Development Ltd¹⁴², which in turn has links with China Sonangol International Holding Ltd (CSIH or China Sonangol), a joint venture between Sonangol exploration subsidiary (with 30 per cent stakes) and the Hong-Kong-based New Bright International Development (70 per cent). According to its website, CSIH was created in 2004 "with a single aim to promote investments in a south-south cooperation framework." Headquartered in Hong-Kong, the firm engages in the oil, gas, mining, infrastructure, real estate and transportation sectors among others.

In 2005, CIF extended a credit line of at least US\$2.9 billion to Angola for major infrastructure projects to be carried out by Chinese companies in Angola; loans that it may have contracted over three years from Chinese and French banks (Levokowitz et al 2009: 13-14). The conditions of CIF's loan were similar to those provided in agreements related to China's EximBank loans (see Appendix 3), with the exception that the construction of the main flagships projects financed by the loan¹⁴³ were to be overseen by GRN.

GRN was created in 2005 partly as a solution to the ministries' presumed lack of organisational and technical expertise to manage large inflows of revenues, and partly as a response to allegations of corruption and misappropriation of the first EximBank's credit line that emerged in 2004 (Vines et al 2009: 53). Rumours surged about the illegal use of the credit lines, with the Chinese government going as far as "providing President

¹⁴² Dayuan International Development Ltd also has connections with China Beiya Escom International Limited ('Beiya Escom') which in turn, is a partnership between Dayuan and a subsidiary of Banco Espírito Santo, one of the Portuguese banks linked to the President's eldest daughter, Isabel dos Santos (Forbes 2011). Beiya Escom partly owns Sonangol Asia Limited, another business venture with Sonangol. Together with Sonangol, the Chinese NOC Sinopec and CSIH, Dayuan formed Sonangol Sinopec International (SSI), a Cayman Islands-registered company that has investments in four Angolan oil blocks.

¹⁴³ Among these flagship projects were the construction of Luanda's new airport, three national railway lines, roads and over 200.000 units of public housing across 18 provinces.

dos Santos with a list of twenty businesses connected with the elite Angolans said to be illicitly benefiting from the newly available resources” (Ennes Ferreira 2008: 313). These rumours resurfaced again in 2007 during the trial of General Miala, a former director of the Angolan Intelligent Services who was sentenced to four years in jail for insubordination.

GRN itself was headed by General Kopelipa and directly accountable to the Angolan President. There were growing criticisms of the GRN's lack of capacity and its objectives, with one journalist commenting in 2006 that “provincial governors and other senior regional politicians are in a constant state of waiting for a governmental Messiah to turn up that will enlighten them on the real intentions of the GRN, currently managing the billions of U.S. dollars from Chinese loans” (Levokowitz et al. 2009: 16; see also Campos and Vines 2008; Vines et al 2009: 53).

CIF and CSIH also are known for their controversial deals – in Zimbabwe and Guinea most prominently -, poor track records and involvement in bribery and high-level corruption cases. A high profile incident occurred in 2007 that brought to light some of CIF's opaque practices: an investigation into Zhejiang Hangxiao Steel Structure Ltd's business dealings with CIF in Angola. The Shanghai-based construction firm was accused by China Securities Regulatory Commission of suspected stock rigging in relation to a US\$4.4 billion-contract signed with CIF for a housing development project in Angola. Chinese investors and regulators doubted the authenticity of the contract and the capacity of Hangxiao to execute the project within two years (Jiangong 2007). The company argued that CIF had failed to disclose details of its contract with the Angolan government but in the end, it was fined US\$95.000 together with its shareholders and managers, for failing to follow legal procedures in the release of financial information (Vines et al 2009: 54). Two employees and one associate were jailed in May of the same year, for their part in what became “one of the most notorious price-rigging activities in the China's stock market” (Zhenghua 2007).

Chinese government officials tried on several occasions to distance themselves from CIF and the 88 Queensway group on several occasions, arguing that it is a private entity. However, evidence suggests links between some of CIF's directors and the Chinese military intelligence, state-owned enterprises such as China CITIC bank and various Chinese ministries. There are also high profile Angolan personalities connected

to the conglomerate. Manuel Vicente who is credited for facilitating the entrance of CSH in the Angolan market is in fact a director of the company as well as being a director of Sonangol Asia Ltd. José Filomeno dos Santos, the president's son, is also the official representative of Sonangol on the board of CSH (Vines and Weimer 2012: 99; see also Burgis et al 2014).

China Sonangol also declined to confirm or distance itself from the conglomerate. In its response to the *Financial Times* (Burgis et al 2014), company directors stipulated:

“Due to confidentiality agreements and our legitimate desire for privacy, which private companies are entitled to, we will not be providing you with any additional information than is necessary [sic]. We do however reserve our rights to pursue legal remedies if you repeat or publish defamatory statements.” The letter adds: “We are not a listed company and the Law does not require us to disclose all our business dealings in the same manner as listed companies.”

It may well be that the advent of the new unofficial resource-for-infrastructure arrangements just discussed opened a new era that is similar to previous years in terms of the self-enrichment goal of key figures of the Angolan elite, yet at the same time different with respect to the source of the new rents, the sophistication and transnational nature of elite capital accumulation and the addition of new partners in this process. Still, that should not detract from the fact that preventing corruption and delivering accountability for its victims remains a challenge in the country and globally. One case from which to draw useful lessons is the Nazaki-Cobalt case that ensues. The analysis of this case must contain explanations of its relevance for the Angolan oil industry. This ultimately lies in the importance of the “pre-salt”¹⁴⁴ play for the future and international reputation of the Angolan oil industry reputation as well as its utility as a major source of rents, not just for the patronage system engulfing a few elites, but more so for the development of the country. The story quickly became seen as one of the most prolific corruption scandals of the decade, not least because of the industry, type of play and the country and the actors involved.

COBALT AND NAZAKI: TROUBLES IN THE PRE-SALT

On 11 June 2009, the Council of Ministers published Decree Law No. 15/09 and Decree Law No. 14/09 which granted “the mining rights for the prospecting, exploration,

¹⁴⁴ ‘Pre-salt’ usually refers to oilfields found below the salt layer.

development and production” of hydrocarbons on blocks 9 and 21 offshore Angola to Sonangol and nominated Cobalt as the operator in both blocks (Cobalt 2009a: 4; see Figure 2 on Cobalt’s blocks)¹⁴⁵. Negotiations for the RSA were completed in October 2009, its terms and conditions approved on 16 December 2009; and the contract executed on 24 February 2010. The decrees granted 40 per cent to Cobalt as the operator in the two blocks, 30 per cent to Nazaki, 20 per cent to Sonangol 20 per cent and 10 per cent to Alper Oil, the third domestic oil company in the blocks. These events took place after Cobalt paid US\$ 24 million for three blocks in 2007: US\$4 million for block 9, US\$10 million for block 21 and US\$10 million for another unnamed block – presumably block 20 (Rudd 2009: 7). The company had also facilitated the entrance of Sonangol into the Gulf of Mexico after the two parties signed an agreement which entitled Sonangol to 25 per cent non-operated interest in eleven U.S. Gulf of Mexico leases (ibid).

It is interesting that irregularities surrounding Cobalt’s activities deals were first reported in October 2010 by the Angolan anti-corruption watchdog *Maka Angola*, but only caught the international community’s attention in April 2012, after the *Financial Times* released its own report confirming that among the co-owners of Nazaki oil and gas were Manuel Vicente, General Dino and General Kopelipa (Burgis and O’Murchu 2012). This triumvirate had been involved in previous cases detailed in the first section, but never did their involvement receive so much media attention or cause such a huge embarrassment for the Angolan regime.

What is more, Cobalt seemed to be a reputable company. A 2009 company document destined to potential investors specifies that Cobalt is an “independent, oil-focused exploration and production company with a world class below salt prospect inventory in the deepwater of the U.S. Gulf of Mexico and offshore Angola and Gabon in West Africa.”. The company was founded in 2005 by “a team of veteran explorationists, equipped with industry-leading data, newly available seismic technologies, industry contacts and adequate funding” who believed that they “could acquire a deepwater prospect inventory that could rival supermajor oil companies” (SEC 2009: 2). That the New York-listed company attracted the backing of its high profile shareholders¹⁴⁶ is due

¹⁴⁵ The blocks are located 30 to 90 miles offshore in water depths of 3,300 to 5,200 feet (Rudd 2009: 7).

¹⁴⁶ Cobalt counts among its shareholders, the US investment bank Goldman Sachs, and Riverstone, the private equity group that lists former BP boss Lord Browne as a partner. The two

in part to their contribution to the development of the bulk of oilfields in the US Gulf of Mexico, and in part to the experience of members of the team of ex-BP and Unocal deepwater explorers, among whom Joseph Bryant its chairman and board member of the American Petroleum Institute, who served as BP Angola President from 2000 to late 2004 (Rudd 2009: 3).

Figure 2: Angola's Pre-salt Blocks and Operators

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Source: *Energy-Pedia News* (2011).

firms invested an initial US\$500m into the company and by the end of 2012, retained holdings of 18 per cent and 15 per cent respectively as well as two seats each on the board (Burgis and O'Murchu 2012). In January 2013, however, it was reported that the Carlyle-Riverstone group sold one sixth of its stakes in Cobalt, cashing in about US\$1 billion. See <http://peureport.blogspot.co.uk/2013/01/carlyle-groups-cobalt-cash-in.html> [Last accessed 30 October 2014].

If the deepwater exploration experience and financial standing of Cobalt was never in doubt, what then seem to be causing the controversy? Campaigners accused Manuel Vicente, General Kopelipa and General Nascimento – the three individuals who had held previously concealed stakes in Grupo Aquattro which owned Nazaki – of using and abusing their positions of power and their ability to influence President Dos Santos who promulgated the deals in order to “gain illegal control over state assets in the privatisation of public companies” and for the “creation of consortium with public and international companies”. In addition to illicit enrichment, they highlighted Manuel Vicente’s role. At the time of the deals, Mr Vicente was chairman and representative of Sonangol and a part-owner of Nazaki – a clear conflict of interest that is not only punishable under Article 25 of LAP (see Chapter 4), but also raise serious questions about “compliance with US anti-corruption laws, which make it a crime to pay or offer anything of value to foreign officials to win business” (Burgis and O’Murchu 2012). It is thought that the laws breached include the FCPA (Coppola 2014).

Despite confirming that they were co-owners of Grupo Aquattro, and by inference of Nazaki, Manuel Vicente and General Kopelipa denied that their interests constituted an “abuse of power” (Burgis and O’Murchu 2012). Moreover, Mr Vicente specified that he was unaware that his private investment company owned a stake in Nazaki and that he and his partners relinquished their shares in 2011 (Burgis 2013). Meanwhile, a statement from Sonangol stipulated that the blocks were awarded “through processes which included an open and transparent lease sale for the deep-water pre-salt blocks”, concluding that the reporting of the awards was only intent on “causing controversy where none exists” (Mendes and McClelland 2012).

Cobalt also claimed that it was assigned to a contractor group by the Angolan government via Sonangol, and did not become aware of details of Nazaki’s ownership until 2010 (Coppola 2014)¹⁴⁷. In its defence, a company’s spokeswoman insisted that “Sonangol’s announcement regarding the bid process is fully consistent with Cobalt’s understanding and experience in Angola” (Mendes and McClelland *supra*). Officials also

¹⁴⁷ The *Financial Times* notes that the names of Vicente, Kopelipa and Dino do not appear among the five shareholders in Nazaki listed in company registration documents they obtained, which were dated from 2007 and 2010. According to the report, Aquattro’s name does, although a 2007 listing for Aquattro itself in the official gazette does not name its shareholders (Burgis and O’Murchu *supra*).

argued that Nazaki was “a fully paying member of the contractor group” (Burgis and O’Murchu 2012) unlike Alper and Sonangol P&P which do not contribute to development costs. These responsibilities are the subject of Articles 20 and 21 of the RSA, though it is difficult at present to assess the intention behind the provision or its relevance to the story.

Figure 3: Pre-Salt Potential in West Africa

Source: Morgan Stanley (2012).

Figure 4: West African and Brazilian Pre-Salt Plays

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Source: EIA (2013).

Interest in this story is connected to interest in the pre-salt plays, the latter fuelled by exploration successes experienced in the pre-salt reservoirs in the Campos and Santos Basins off Brazil, which many industry experts believe to be analogous to those found off the Angolan coast - Figures 3 and 4 are illustrative of the similarities between the two plays. Many experts opine that the success of the pre-salt oilfields could determine Angola's positioning as SSA's top oil exporter "on a sustained basis" (cited in Power Hedge 2012)¹⁴⁸. According to one industry expert, the output from this play could determine whether or not oil peaks in 2017 as the IMF suggested lately (McClelland 2014)¹⁴⁹. Sonangol itself reported that the discoveries made in these oilfields represent "a new era in the [oil] sector" (quoted in Morgan Stanley 2012: 3). If proven, this will no doubt translate into an upsurge in oil rents for host governments, and high profitability for oil companies with an interest in these concessions. Cobalt is one of the IOCs that have seen tremendous success with pre-salt exploration. Since 2012, it has made five well discoveries - the last reportedly with a resource potential of between 400–700 million barrels of oil (*Petroleum Africa* 2014) - in block 20. To some investors, this confirms the potential of this play as "the most promising new offshore oil play globally" (Morgan Stanley 2012: 1).

In sum, it is this enthusiasm, along with the confirmation of the existence of hydrocarbons in the play that seem to be behind the decision to postpone the 2007/08 licensing round until late 2010 when the last licensing round was held. As Figure 2 above illustrates, the biggest benefactors of this last bidding round were BP, Total, Statoil, Maersk, ConocoPhillips (COP) and Cobalt.

When asked about the impact of the revelations on Cobalt's operations in Angola, one source linked to the story replied that it had been "more than negligible", adding:

"I think it caused some trouble within the Futungo because it came just when they were trying to position Vicente especially, as this kind of face of the next

¹⁴⁸ Oil theft in Nigeria could be another contributing factor to the reduction of Nigeria's output (Adugbo 2014). Worth pointing as well, that this would not be the first time that Angola would be raised to the position of Africa's biggest oil exporter. The last time that Angola surpassed Nigeria as the sub-region's largest oil producer was in April 2008, when it produced 1.8 million bpd, about 55,000bpd more than Nigeria (Reuters 2008).

¹⁴⁹ Informal conversation, London, 28 March 2014.

generation. I think it caused them some problems; that is why they claimed to have dissolved Aquattro and Dos Santos, I was told, was pretty angry. Well I don't know whether it was about the deal itself, or because it came out, but I suspect because of the fact that it came out.”¹⁵⁰

At the time, the political costs associated with the revelations surrounding Nazaki did not prevent President Dos Santos to sign a decree allowing Sonangol P&P's purchase of 15 per cent stake in Nazaki's share in block 21, thereby giving the company a 35 per cent interest in the block (McClelland 2013). The sale was estimated to be worth about US\$1.3 billion, implying that Nazaki would have made 14 times what it invested and still retained half its interests (Burgis 2013). In another show of defiance, “Vicente suggested that if Cobalt's dealings with him and his associates were to create further problems, the company should abandon its interests in Angola” (Silva 2012). That said, what clearly emanated from the story was the ineffectiveness of Angola's anti-corruption framework to curb oil-related corruption in the country. As a top transparency and pro-democracy activist reiterated the common concern with lack of accountability in the country when stating:

“This information [about Cobalt] was well covered in Angola but nothing happened, no prosecution, nothing! That's because corruption is the way of doing business in Angola. You never see the judiciary go after these people because everybody in the political system is involved so they are the ones controlling the wealth of the country. So everyone is looking for his piece, you know.”¹⁵¹

If anything, this case raised further concerns about a possible legitimization of oil-related corruption with the nomination of Manuel Vicente as Minister of State for Economic Coordination in early 2012, then Vice-President in October of the same year. These nominations occurred despite criminal proceedings lodged against Mr Vicente over illicit enrichment through Nazaki in 2010 in Angola, his involvement in the embezzlement of US\$775 million related to the Angola-Russia debt deal in 2011, and for fraud and money laundering in Portugal. This provided fresh evidence of a pattern that sees the president appointing or reappointing public figures at the centre of allegations of corruption and wrongdoing, as he did with the nomination of Falcone to the ambassadorial role in the midst of the Angolagate scandal.

¹⁵⁰ Telephone interview, 4 January 2013.

¹⁵¹ Interview, London, 17 September 2013; emphasis added.

The second set of concerns with this case relates to the theory and practice of due diligence by IOCs: what does due diligence actually mean? How is it practised and to what effects? Burgis (2013) notes that “to have broken the law, a US company must act “knowingly” or with “a firm belief” that corruption will occur.” In its submission to US regulatory agencies, Cobalt claimed to have retained two US law firms - Vinson & Elkins and O’Melveny & Myers - since 2007 to advise on complying with anti-corruption laws with respect to its Angolan ventures. The question is whether it is reasonable to expect an IOC to partner with another company without knowing who the shareholders of that partner are. One Angolan transparency campaigner strongly rejected this possibility, arguing:

“Do you think that they didn’t that Manuel Vicente was part of the whole scheme? They knew about it! So, what they are saying is not true. They knew from the beginning, that Manuel Vicente is going to be there because this was going to be a joint venture. And why didn’t Cobalt insist on asking those people to disclose who are the owners of Nazaki and so on? If you don’t know the owners of one company that you are entering into a joint venture with, why would you want to join with them in the first place?”¹⁵²

Coppola (2014) opines that Cobalt must have known that involvement of state officials was likely given that it is extremely difficult to do business in Angola without the involvement of members of the ruling elite, and concluded that “Cobalt decided the potential returns from the oil exploration venture outweighed the risk of potential fines, litigation costs and reputational damage arising from breaches of the FCPA”. The problem, though, was not only the context within which Cobalt applied to conduct its activities, but its links to Sonangol. As another source commented,

“Joe Bryant [Cobalt’s Chairman] knew Vicente. He knows him very well. He used to run the Angolan operations of BP. He knew Manuel Vicente personally and they conducted due diligence? Now, how they failed to find erm [...] well there are two possibilities on this. One is, they [Cobalt] did know and they are lying. The other is, that they - and this is the broad thrust of their argument - that they never found out about who owned Aquattro. I think they knew who some of the shareholders of Nazaki were, but I think that they did not know who owns Aquattro [...]; either way, neither of this very satisfactory.”¹⁵³

Cobalt nonetheless pressed ahead, confirming its intention to remain in the country. In 2011, SEC and the US Department of Justice (DoJ) – that handle civil and criminal

¹⁵² Ibid.

¹⁵³ Interview, 4 January 2013; emphasis added.

cases respectively - announced that they will investigate the company over potential breaches to fiduciary duties. Cobalt's shares fell immediately after the announcement of the investigations but soon rebounded, possibly reflecting market confidence. On 5 August 2014, Cobalt announced that it received a "Wells Notice" from SEC in connection to the investigations. Likewise, Andrews and Springer LLC, a boutique class action law firms representing shareholders has announced that it will be investigating Cobalt for a possible breach of securities exchange laws¹⁵⁴. In a dramatic turn of events, SEC announced that it will drop charges against foreign bribery probe in January 2015.

It follows that SEC's latest decision and investigations have produced two sets of outcomes. On the domestic front, almost four weeks after the Wells Notice was issued, the Angolan national newspaper, *Jornal de Angola* revealed that Nazaki would no longer be allowed to keep its equity. According to an executive decree issued by the Ministry of Petroleum and cited by the paper, Nazaki "does not possess the legal requirements" to be associated with the concessionaire and had fallen behind on payments of the share of costs incurred by the consortium. The decision also involved the transfer of Nazaki's shares to Sonangol. A second Angolan-owned oil company, Falcon Oil Holding Angola, which has equity in several exploration blocks, was also subject to the same decree (*Jornal de Angola* 2014).

The problem with Cobalt resides with its profitability. The company had in effect been capitalising on Angola's potential. Despite its significantly unproven properties, there were speculations that it could be acquired by Chevron, Shell or ExxonMobil. An article from Bloomberg described the company as having a "good combination of high-quality assets and an extremely large resource-based potential" that could attract takeover interest (Sutherland 2013). The article reflected the fact that Cobalt's value had doubled since going public in 2009 and investor gains more than tripled. From this potential, analysts concluded that "now may be the time for a buyer to make a move on Cobalt"; "a savvy acquirer has probably already seen enough." Yet, to date, there is no confirmed purchasing interest in the company from any of the five supermajors, presumably due to companies' fears of litigation risks via the FCPA. The company has in fact been downgraded from "buy" to "speculative buy" and is said to have negative cash flows, which could affect its future investments at least until production in 2017 (Digger 2013).

¹⁵⁴ See <http://www.andrewsspringer.com/cases-investigations/cie/> [Last accessed on 30 October 2014].

The implications of SEC's and DoJ's investigations of Cobalt – or more broadly what Simmons and Macklin (2014) dub the “home state advantage” – are forthcoming in the conclusion in particular as it relates to the implications for the ‘host’ country. The question now though, is what allowed this type of behaviour in the first place? Is it a lack of regulation on the part of the host state or the complicity of IOCs and other external actors? Did external actors take seriously their role and responsibility in helping drive the institutionalisation of transparency in Angola? Chapters 6 to 8 will evaluate what they did do, how and to what effects.

CHAPTER 6

ORT AND IMF CONDITIONALITY IN POSTWAR ANGOLA

“In the world of realpolitik, economic self-interest must always prevail, regardless of the music to which it sways”

Jim Hooper (2002: 45).

“A lack of progress in eradicating corruption could be due to misguided strategies.”

Shah and Schacter (2004)

In the past two chapters, the author provided evidence of the two parallel trends that characterise Angola’s ORT model: the increase in the levels of ORT on the one hand, and the sophistication of the means of private wealth accumulation on the other. The main objective of the next five chapters is to attempt to make sense of this dichotomy. This conversation begins with the role and contribution of external actors to the diffusion of ORT in postwar Angola (Chapters 6 to 8). Among these actors, IOs are widely believed and often expected to play an increasingly important role in persuading reluctant nation states to comply with global revenue transparency principles and standards, especially those associated with economic governance like the World Bank and the IMF. The Fund in particular has claimed a leading role in the institutionalisation of the norm. On its website, it affirms doing so not only by contributing to the development of a global architecture of fiscal transparency norms and standards, but also by strengthening the monitoring of compliance with those norms and standards¹⁵⁵.

Campaigners too view the Fund as “an important force for pushing for greater fiscal transparency” (HRW 2004:2); or as being “in a unique condition to advocate transparent resource governance as being a macro-significant factor in resource-rich countries” (GW and BIC 2008: 10). They hold that the IMF has the potential of exerting influence on developing countries’ politics both in its surveillance and gatekeeper functions, and as a critical source of information relied upon by other donors, sovereign credit rating agencies and institutional investors (Barnett and Finnemore 2004: 45; GW and BIC

¹⁵⁵ See <https://www.imf.org/external/np/exr/facts/fiscal.htm> [Last accessed on 4 November 2014].

2008: 10; Action Aid 2006). These and other advocates point to two sources of leverage. The first is the IMF's *Guide on Resource Revenue Transparency* which has come to define what constitutes best international practice on revenue transparency. The second is the Heavily Indebted Poor Country (HIPC) debt relief initiative widely cited as an influence on several countries' decision to join EITI (Gillies and Heuty 2011: 33-34; David-Barrett and Okamura 2013).

It is undeniable that this argument has contributed to advance the debate on why governments accept to change in favour of greater ORT. Yet it has two major flaws. First, the picture as presented here is distorted by an overemphasis on the early stages of norm diffusion and insufficient attention to the stage of norm implementation. This limitation, as several scholars point out, limits the potential for learning about other key aspects of norm diffusion, including the processes through which external actors actually promote international norms in developing countries as well as the conditions which may favour their engagement with the policy norm and the influence they actually have on the policy outcomes (see Grigorescu 2003; Bauhr and Nasiritousi 2010, 2012; Shipan and Volden 2012)..

The second aspect of the problem is the danger the preceding argument runs of leading to a misleading view or assumption that countries that implement ORT policies and standards go through these motions in order to access material gains, mostly international aid and debt relief. Whilst this captures what happened in Cameroon or Congo-Brazzaville where accession to EITI was clearly linked to the HIPC programme, one Western scholar and former World Bank consultant was adamant that "that does not sum up what is happening in Nigeria or in Angola."¹⁵⁶ After all, the World Bank contributes on average just about 5 per cent of the Nigerian national budget¹⁵⁷, whilst Angola does not rely on traditional aid but on oil revenues for its budget, unlike some of its neighbours and resource-rich peers. In fact in 2013 alone, Angola's record budget was AKZ6.6 trillion (about US\$69 billion). This, according to the Africa-EU Partnership, was greater than the European Union's combined (European Union and member states) official development aid to Africa estimated at 25.3 billion Euros (about US\$40 billion) the

¹⁵⁶ Interview, Cambridge, 1 March 2010.

¹⁵⁷ According to a senior IFI official who attended the World Bank's co-hosted conference on "New Directions in Governance" in London, 18 September 2014.

same year¹⁵⁸. It is this “exceptionalism” that sets Angola apart, and adds a level of complexity that renders it difficult to unpack and explain external influences on governance reform outcomes.

The objective of this chapter is to critically reflect on the role and contribution of the IMF to the diffusion of ORT in the developing countries, taking postwar Angola as a case study. Undeniably, it is not always evident what impact, positive or negative, IMF conditionality has on the reform content, process and outcomes. Yet, the chapter finds that the Fund has only played a limited role in bringing about reforms, especially in the period following the 2007-08 global economic and financial crisis. These limitations are not only due to external factors, but as emphasised here, to factors that are internal to the Fund – for example, the Fund’s own commitment to ORT reforms and its legitimacy problem. This conclusion highlights the importance of managing expectations about what outsiders can or cannot achieve, and it should be viewed as a warning against an overreliance on external actors for solving complex governance challenges such as corruption.

BACKGROUND ON IOS’ INTERVENTIONS IN ANGOLA

As a starter, it should be pointed out that the IMF is in no way the only IO to have had a major influence in Angola. The other actor that has greatly impacted Angola’s development path is the UN. In its attempts at bringing sustainable peace in Angola, the UN has shaped not only the outcome of the civil war, but also relations between the state and society in Angola. Some blamed the failure of the peace process on the institution’s lack of resources, its lack of analysis and understanding of the context, its underestimation of Jonas Savimbi, “dogmatic” faith in the political process, the continued exclusion of civic forces at the negotiating table and its problematic sanctions (Anstee 1995; Messiant 2004; MacQueen 2006; Nossal 2002; Comerford 2007).

One view is that the inclusion of the Angolan civil society and community-based groups “could have shaped the nature of the final agreements themselves, placing greater emphasis on transparency and accountable governance” (Comerford 2007: 18). Another, is that by promoting the idea that “if you are a rebel, don’t touch diamond; but if

¹⁵⁸ Figure taken from the Africa-EU Partnership website, at <http://www.africa-eu-partnership.org/about-us/financing-partnership> [Last accessed on 31 March 2014].

you are the government, you can kill”¹⁵⁹, UN sanctions presented the organisation as “third party to the conflict” and “complicit” in “converting the war around the idea that had Savimbi died, normality would come back.”¹⁶⁰ Incidentally, the UN’s tacit acquiescence with the military option pursued by the MPLA in the 1990s was influenced by “a situation of ‘too many interests’ among the ‘real’ international community” - namely oil companies and great powers -, which, in turn, provide “the basic explanation for the shortcomings and failures of international interventions” (Messiant 2004: 16). In the end, it is neither the UN sanctions nor Savimbi’s death that brought the war to an end, but a change in mentality together with a growing determination to bring the self-destructive to end it.

Still, it is the IMF and the World Bank which have claimed leading roles in the institutionalisation of transparency policies in the developing world. The Fund has done so in its signalling and gatekeeper function, whereas the World Bank owes its prominence in the field generally to being “the most important IO teacher of norms” in the field of good governance (Sandholtz and Gray 2003:769); or in Gillies’ (2010: 117-18) words, to being “the primary provider of transparency technical assistance, creating work, attracting funds, and increasing its relevance” in developing countries. Essentially, it is this technical, financial and discursive power which helped these two institutions legitimise and institutionalise their influence over developing countries’ politics in this area.

In Angola, the World Bank approved eleven projects in the period between the signing of the Bicesse peace accords in 1991 to mid-1999 when it reduced its Country Office to Liaison Office as a result of the slow pace of reform, the unstable economic conditions, the resumption of fighting and a shrinking portfolio (World Bank 2003: 16; Hodges 2004: 119-120). Among these, nine projects were intended to improve the efficiency of a number of social sectors - including health, education, the power sector, transport - in addition to strengthening social rehabilitation; and two projects had at their core, good governance and ORT.

The first programme was the US\$23 million Economic Management Capacity Building Project (1991-98) which had a satisfactory financial performance in the sense that the

¹⁵⁹ Interview with one Angolan rights activist, Oxford, 16 March 2009.

¹⁶⁰ Raquel Ferrão, speaking at an event on “Opposition in Angola: UNITA’s Past, Present and Future”, hosted by Chatham House, London, 26 May 2009.

money allocated was “disbursed well”, but generated an “unsatisfactory” rating due to the unsuccessful implementation of reforms and the worsening of social indicators despite significant per capita increases in oil revenues (World Bank 1999: 2). The second Bank-monitored programme was a US\$20 million Financial Institutions Modernisation Project (1992-2002), which was a relatively successful programme thanks in part to the momentum for reform in the final years of implementation in the 1990s, and in part to the Central Bank’s “dynamic leadership in carrying out important initiatives such as the establishment of the modern Payments System in spite of overall “insufficient commitment and technical capacity” (World Bank 2011: 1, 20-21).

After the cessation of the civil war, the main lending instrument for the Bank to operationalise transparency was the Economic Management Technical Assistance (EMTA) (2003-11). Described as “the critical public sector intervention – the vehicle for dialogue and reform of the essential governance institutions and processes” (World Bank 2011: 1), EMTA provided technical assistance on a number of reforms listed in Chapter 4, including the MINFIN-led PFGMP and the Central Bank’s work on Anti-Money Laundering and related prevention measures. Put simply, EMTA was proposed to help the Angolan government in producing “a good financial management system for public money not to disappear.”¹⁶¹

After nearly nine years of implementation, however, even EMTA only recorded a “moderately unsatisfactory” rating. This was an over-ambitious, overloaded programme which comprised utterly optimistic projections¹⁶², as well as complex and incoherent policy conditions which could simply not be fulfilled in a post-conflict country like Angola with extremely weak capacity levels. What is more, implementation was hampered by delays in and slow pace of implementation, changes in the leadership on both the government and Bank side, and its extreme dependence on the success of parallel efforts undertaken by the government (World Bank 2003).

Similar doubts as to the ones described in Chapter 2 over the Bank’s ulterior motives and contradictory interests arise in Angola. Asked why good governance and transparency have been at the core of the organisation’s operations in Angola, one

¹⁶¹ Telephone interview with World Bank official, 12 November 2010.

¹⁶² The Bank recalls that a total number of 110 activities were due to be completed between 2003 when implementation started until 2007, date of the programme’s restructuring. See World Bank (2007: 6).

official present in the country at the time of the implementation of EMTA responded that it was “important for us to be laying the foundation and work on improving governance if the money we wanted to invest was going to be put to good”; otherwise, “it was going to be hard to do anything in Angola if this problem was not tackled, whether centrally or locally.”¹⁶³ Underlying this statement is an acknowledgement that lack of governance in public finance management was and remains a constraint for the country’s development.

As one World Bank document notes:

“If Angola is to harness its current windfall accruing from both higher level of oil production and higher prices for sustained growth, better accountability with checks and balances in public spending is probably the main element” (World Bank 2007: 8).

To some civil society actors, the fact that the Bank Country representative sits in Maputo gives the impression that apart from being a “policy-poor but resource-rich” country, Angola is completely immaterial (Action for Southern Africa 2004; Govender and Skagestad 2009: 22). The predominant view is that the IMF and World Bank are “all about business. You have to understand that as long as you have a good liquidity capacity, as a country, then you are a good partner to do business with. And that is what is happening with Angola.”¹⁶⁴

Woodward (2013) insists that the institutional purpose and priority (to ensure the stability of the international financial and monetary system) of both the World Bank and IMF, along with their simultaneous imperative to ensure their very survival as IFI, generate a common approach both in the conception of the state that underlies their lending decisions, and in the ways in which they interact with borrowing countries, their operative policies and modalities. Yet, each of these institutions has “its own cultures, beliefs, personality and DNA.”¹⁶⁵ In turn, this has led the two IFIs to behave differently in terms of shaping policy norms, to the extent of having slightly disparate influences, if at all, on policy outcomes.

There are two specific examples to back this point up. In the case of the integration of the “social dimension” in the two IFIs’ operations, Vetterlein (2008: 22) submits that the Bank tends to respond “pro-actively” to various critiques, whereas the Fund generally “adopts policies passively if it cannot be avoided.” Insofar as ORT is concerned, percep-

¹⁶³ Interview, 12 November 2014; emphasis added.

¹⁶⁴ Interview with an Angolan extractive industries activist, London, 17 September 2013.

¹⁶⁵ Informal conversation with a World Bank senior official, London, 18 September 2014.

tions of the Bank are that of an institution engaged in the “passive” promotion of ORT while the IMF is seen as pro-actively promoting the policy norm. For example, an investigation into how the two multilateral institutions operationalised extractive industries transparency in their operations in 57 resource-rich countries between 2003 and 2008 uncovered that “revenue transparency as a benchmark is frequent for the IMF and infrequent for the World Bank.” The caveat here is that their approach is neither consistent nor comprehensive, and entirely focused on disclosure of revenues, including EITI (GW and BIC 2008).

It is beyond the scope of this study to explain these conflicting conclusions on IFIs’ performance more generally. The remainder of the section rests content with reviewing the Fund’s strategies and *modus operandi* as they apply to the specific subject matter under consideration.

The IMF and ORT Diffusion in Angola

Among external actors, as indicated previously, the IMF is the most oft-cited driver of oil governance reform in oil-dependent developing countries. One senior business and human rights expert was categorical that the Fund has played the biggest role in the institutionalisation of ORT in Angola, especially from 1999-2005, during which time it “pushed quite publicly and privately to make the government more accountable” and “insisted on more transparency and more accountability.”¹⁶⁶ Furthermore, he claimed that “one of the fundamental reasons why transparency reforms do not hold is because the end of the IMF means the end of reforms. And that is a historical phenomenon.”¹⁶⁷ Another interlocutor of Angolan origin reiterated the Fund’s utmost importance for this issue, when referring to the use of its reports and assessments by various local media outlets to exert pressure on the government¹⁶⁸.

Three specific IMF interventions justify the preceding arguments. Overall, three specific IMF interventions justify this widely-held view. The first is the central role that the Fund played in the launch and partial implementation of the Oil Diagnostic Study which was implemented as part of a staff-monitored programme implemented between 2000 and

¹⁶⁶ Telephone interview with a Western human rights activist, 7 June 2011.

¹⁶⁷ Ibid.

¹⁶⁸ Interview with a Catholic Priest, London, 12 July 2012.

2001. The second was the March 2002 IMF unpublished report which uncovered troubling evidence of unexplained expenditures amounting to US\$4.2 billion - an average of about US\$703 million or approximately 9.25 per cent of Angola's GDP per year – from 1997-2002 (HRW 2004: 33). The report noted that:

“A general lack of transparency in public finances - with scant data being officially published and a complex set of offshore finances—has generated the perception of a poorly managed treasury [...] substantial funds received as signature bonuses for oil contracts and oil royalties have been outside the control of the treasury; and non-transparent external debt transactions have been made” (quoted in HRW 2004: 41).

The external debt transactions mentioned therein referred mainly to the Angola-Russia debt deal which was at the centre of discussions between the Fund and the Angolan authorities throughout the nineties and early 2000s (see IMF 2002). The “strange” deal is said to have “poisoned Angola’s relations with the IMF for years” (Shaxson 2007: 178). After mentioning the deal and its “major reductions of arrears” in its 1997 country report (IMF 1997: 8), the Fund had asked the Angolan leadership for clarifications, which the latter declined to do, contesting that it would infringe on the country’s national sovereignty (GW 2004: 45). The Fund then advised the executive to seek approval from the National Assembly for the loans and publicly disclose them as a way of addressing the increased secrecy of Angola’s external borrowing practices. But even this demand was rejected because “the authorities felt that such a level of transparency vis-à-vis parliament and civil society would be too intrusive on government affairs” (Hodges 2004: 167).

This insistence on not fulfilling the Fund’s requirements for oil revenue transparency later transpired as the main explanation for the international donor community’s reluctance to hold a donors’ conference to aid Angola’s post-conflict reconstruction. It is also believed that such a scathing assessment of the state of Angola’s public affairs incited the government to regularise, or at least begin the process of regularising the situation.

The global financial and economic crisis created the basis for a renewed impetus for greater fiscal transparency, thereby providing an opportunity for the Fund’s latest interventions through the SBA implemented by joint agreement between the Fund and the Angolan authorities from 2009-12. The arrangement itself was officially approved in November 2009 but its “indicative targets” and policy commitments - or “numerical

parameters that guide the programme” (see IMF 2009b) - were negotiated with the Angolan authorities during IMF missions in August and September of the same year. Work on a few policy recommendations, with regard the oil fund, for instance, began before the terms and conditions were agreed, as the Angolan authorities “were not ready, at the time, to accept [them].”¹⁶⁹ This, and the signing of the arrangement, appear to have been facilitated by the positive working relationship between the then IMF mission chief on Angola, Lamin Leigh, and the Angolan Minister of the Economy, Manuel Nunes Jr., both of whom were later replaced (Jensen and Paulo 2011: 46).

Worth about US\$1.33 billion, the SBA was one of the largest loans ever granted to any African country, and to reiterate, the only IMF programme agreed between the two parties which actually ran its course and was indeed followed by a Post-Programme Monitoring which lasted from 2012-14. The arrangement had a financial, monetary and fiscal pillar. The fiscal pillar aimed to reduce the non-oil primary fiscal deficit accumulated before and during the crisis, while providing adequate resources for social spending and vital infrastructure projects (IMF 2009a, 2009b). In particular, it emphasised “strengthening public financial management and enhancing fiscal transparency, especially in the oil sector” (IMF 2009c). It is as part of this arrangement that the government agreed to the publication of staff reports and associated programme documents, a debt ceiling, a cap of 30 per cent on social spending “its average in recent years” (Ibid: 7), in addition to a number of initiatives listed in Chapter 4 such as the phasing out of Sonangol’s quasi-fiscal operations, the publication of budget execution reports and that of Sonangol’s audits.

To be sure, the preceding first two sets of instances of IMF-led pressure coincided with heightened advocacy on extractive industries transparency; as such, it is likely that reputational concerns stemming from heightened international scrutiny over IFIs activities had great sway over its attitudes and actions over this period. In effect, it was less so from 2005 onwards, when the Fund became “less aggressive” at demanding greater ORT and accountability, in part due to “a change in people”, a hike in the international oil price partly as a result of the war in Iraq, new oil fields coming on stream, and the government’s resistance to change¹⁷⁰.

¹⁶⁹ Informal conversation with a senior Angolan diplomat, London, 6 December 2012; emphasis added. See also IMF (2009b).

¹⁷⁰ Telephone interview with a Western human rights activist, 7 June 2011.

Putting the Fund's efforts into context does not diminish nor overestimate them. What it does, is calling for a re-examination of assumptions of its influence on reform process and outcomes, and ultimately, a re-assessment of expectations about what the predominant culture of conditionality can achieve in real terms. What is more, Woodward (2013) finds that it is difficult to separate the effects of IFIs policies from reform outcomes. In her view, that is due to the minimal influence that all post-conflict governments exert in shaping their own development policies due in part to the "gatekeeping" role of IFIs on external finance, the non-transparency of the negotiating relationships, and the incentive structure for IFI staff – especially at the Bank where there is a "disbursement culture" in which "pay and promotion depend on 'moving the money'" not on results (ibid: 149-50 citing Woods 2006 and Sogge 2002). She adds that:

"Neither organisation collects information on the impact of their policies and projects, while the system of competitive tenders and renewable contracting in the market for aid for implementing international NGOs that implement these projects deters honest reporting of project results" (ibid citing Cooley and Ron 2002).

In all, Woodward is doubtful that there is sufficient evidence in the countries themselves to affirm with certainty that IFIs' continuing application of policies and conditionalities have changed in any way "the consequences for the structure of post-war power and state-building" (Woodward 2013: 155). In the second part of the chapter, one re-evaluates not the effects of IFIs' interventions on power asymmetries, but specific factors which can reveal how and why the Fund's interventions on ORT may have contributed very little to the effective institutionalisation of ORT in postwar Angola.

EFFECTS AND LIMITATIONS OF IMF INTERVENTIONS IN ANGOLA

The effects and limitations of IOs' "governance by conditionality" (Schimmelfennig and Sedelmeier 2004) have been the subject of much debate in the academic and policy literature. Certain scholars attribute these shortcomings to factors that are internal to IOs, such as the interests of IOs' powerful national shareholders, IOs' failure to internalise the same principles they advocate, the ambiguity of their conditionality policies, their track record of compliance, and the discredit and poor design of their conditionality packages (Action Aid 2006; Bauhr and Nasiritousi 2010; Breen 2010; Copelovitch 2010; Best 2012; Kaplow 2013; Gunaydin 2014). Others emphasise domestic constraints influenc-

ing resistance to governance reforms, including the presence of strong special interests, the character of domestic politics, lack of political will and commitment to development policies (Radelet 2005; Odugbemi and Jacobson 2008; Stevenson 2011). A third group concentrates on the evolving global context, shaped notably by the rise in power and influence of Asian countries like China and India (see Woods 2008, 2010).

A good number of these explanations applies to Angola, but the chapter will concentrate more on the first and last sets, and less on the second. Like Bauhr and Nasiritousi (2012: 550), it finds that the ineffectual inputs of IOs are primarily due to (a) *motivational* factors which reflect IOs' weak prioritisation and commitment, for example, in the form of a low financial or personnel commitment to promoting reforms; (b) *ideational* differences which relate to limits in the knowledge and expertise that IOs possess, hence, in the objectivity and quality of the advice given; and finally, (c) *procedural* aspects or the procedures by which decisions are made and the modalities of their translation in practice.

Yet, as Gunaydin (2014: 1) argued, "the scope and intrusiveness of conditionality is determined by domestic and international factors alike." To reflect this point, unlike Bauhr and Nasiritousi, the section will also demonstrate that internal shortcomings and limitations cannot be completely detached from the geopolitical context within which IOs negotiate, design and implement their lending policies. Consequently, factors such as the global financial crisis, the international oil market, the ambivalence of Western powers' foreign (commercial) policies, and/or the rise of emerging powers should be included in the equation.

Lack of Commitment to Reforms

That IFIs' economic interests are the starting point for discussions of their role in developing countries' politics is not a coincidence. These are arguably the biggest impediment to their effective promotion of good governance and development policies in those countries. They inform IFIs' policy design and implementation, and sometimes even their commitment to reforms, leading to a combination of gaps and inconsistencies in the policies advocated and their application. In the case of the Fund, one observes a heavy emphasis on Sonangol's regulation and a certain lack of interest in the assessment of, and provision of sufficient details on, the quality of Angola's financial

reporting (USAID 2009: 5). That is in spite of the latter being, arguably, the main area of contention in its relationship with the African petro-state.

Chapter 1 referred to Wade's (2010) observation of more flexibility in the design and application of IFIs' policy instruments in the developing world, despite their traditional hostility to the idea of an expansive state. Yet unlike the Bank which adapted its lending instruments and application to the context, the Fund has been less flexible, at least until recently. As indicated earlier, a donors' conference planned for the second half of 2003 was conditioned on increased ORT and an IMF programme which the authorities were extremely reluctant to agree to. But it never took place. The Fund programme was supposed to trigger the World Bank's involvement in the post-conflict reconstruction process (Vidal 2011: 57-58), but the Bank went it alone, a fact which possibly magnified the concern that it tends to encourage the Angolan government to disregard pressure from "more demanding" donors by "going bilateral" rather than using existing multilateral forums for dialogue and negotiation (Tvedten et al 2003: 28).

Things started changing lately, with the Fund adopting "looser" policy conditions for the transparency-related component of its latest policy instrument, the SBA. Jensen and Paulo (2011: 47-49) point to three conditions that called into question the Fund's commitment to reform during its implementation of the SBA. First, the extremely weak "prior action"¹⁷¹ of cabinet approval of the 2010 budget, which the authors attest, "has never been an issue in Angola and is therefore to be seen more as a formality than a sign of commitment to reform." The choice of this minimal condition, it is suggested, implies that "the IMF was keen on getting this programme going quickly [...] to alleviate balance-of-payments problems across the world" during the global crisis (ibid, citing the Economist Intelligence Unit 2010: 13). It should also be underscored here, that the leniency of this condition compares negatively to the decision taken by the Fund after the partially implemented SMP of 2000-01, that a formal programme with Angola could only be agreed with the Angolan government following "strong prior actions aimed, inter alia, at increasing fiscal transparency and eliminating Angola's large quasi-fiscal imbalances" (World Bank 2003: 4).

¹⁷¹ Prior actions are measures that need to be implemented prior to Board approval of an IMF-supported programme. They can signal recipient countries' (and IFIs) commitment to reforms, and ensure that the programme has the necessary foundation to succeed, or is put back on track following deviations from agreed policies. See IMF (2014a) and Thomas and Ramakrishnan (2006).

Second, the analysts make the remark that the funds disbursed for the SBA were “heavily frontloaded”. As they point out, the first disbursement was made shortly after the first review (in May 2010) and it amounted to more than 25 per cent of the total value of the loan or about US\$514.5 million (ibid: 47; see also IMF 2010). By January 2011, only 14 months after the signing of the 28-month agreement, the Fund had disbursed US\$1.07 billion, that is, around 75 per cent of the total value of the loan (IMF 2011). Finally, it is shown that the IMF waived the non-completion of the accumulation of arrears despite the importance initially placed on this factor as one of four key performance criteria¹⁷². The Fund’s explanation here was that the government did itself take further steps to address these deficiencies, among other things, by contracting Ernst and Young (Jensen and Paulo 2011: 47).

The question is: what explains the Fund’s waning interest in fiscal transparency in the early 2000s, and inconsistencies in its design and application of economic policy conditionality? In truth, no single factor can be attributed to these shortcomings. Fund officials imply that the agency’s loosening of policy conditions reflects changes in the agency’s conditionality framework, which facilitated the abolishment of the use of binding structural conditions in favour of monitoring based on periodic programme reviews and a strong emphasis on poverty alleviation and growth (Mateos y Lago and Yang 2010: 223). There were also changes in the leadership team at the Fund already alluded to; a falling demand for technical assistance on fiscal transparency; and the reduction in funds devoted to this area especially after interest in this issue peaked in 2002 (IMF 2012: 8), which Bernes (2010) argues was in part as a result of neglected governance issues particularly on the part of the G7 group. Apart from these factors, the following paragraphs will claim that quasi-ideological differences between Angola and the Fund equally had a dampening effect on the way the IMF went about encouraging greater fiscal transparency through its conditionality policies in this postwar era. Most significantly, they provide further evidence of Jacqueline Best’s finding that the Fund’s attempts to address previous legitimacy shortfalls and change its relationship with borrowing countries by “revising its conditionality guidelines and pursuing greater ‘domestic’ ownership over reforms” has produced new legitimacy dilemmas, chief among

¹⁷² The other three performance criteria related to the build-up of international reserves, the net domestic credit of BNA and the ceiling on non-concessional borrowing. See Jensen and Paulo (2011: 48).

them its “ability to obtain the deeper political legitimacy that it seeks”, thereby raising questions about the sustainability of its current reform efforts” (Best 2007: 469).

The Challenge of Legitimacy

Shaxson (2009: 54-55) remarked that Angolan officials usually advance two arguments when they are faced with accusations of endemic corruption. One is the country’s long history of external interference, in particular, the fact that the same Western nations that are now calling for reforms contributed to the destruction of the country in the first place. Angola’s Foreign Minister, George Chikoti, made this point when reiterating that Angola’s governance challenges are “a consequence of the Cold War, where you had many people who today are saying we are not going fast, first of all supported this war”.

The second argument, on the other hand, often revolves around the legitimacy of the Fund’s policy advice to developing countries, or more specifically in this case, the credibility and suitability of its theoretical models and practical approach to solving the resource curse. The Fund’s contractionary policies in particular, have been seen as largely inappropriate for a country like Angola just emerging from civil war and with urgent reconstruction needs (Vines et al 2005: 30). The contention is that these policies are often proposed for the sole purposes of promoting the Fund’s stated goal of enhancing global stability and protecting the interests of the international community, hence, that they are out of touch with Angola’s political and economic realities (ibid; Shaxson 2009).

Shaxson cites the advice from the Bank’s 2006 *Country Economic Memorandum* that “Angola needs to complete the transition to a market economy”, which he said, “seem[s] like a good idea in theory, [but] it completely ignores the political and economic realities of an oil-rich, developing African country” (2009: 54; emphasis added). Another indication of the IMF crisis of legitimacy comes from its handling of the debate surrounding the discovery of a US\$32 billion fiscal discrepancy accumulated between 2007 and 2010 (see Chapter 4). Concerns were raised that the discrepancies in question in part coincided with the period during which the government was already implementing the Stand-By Agreement, suggesting shortcomings in the Fund’s own monitoring performance (HRW and RWI 2012). A second major issue underlined by campaigners was the lack of transparency of key documents held by the Fund and the

Angolan government, which could have enlightened the public on this topic (OSISA et al 2012).

A third subject of tension between the Fund and civil society emerged around the lack of credibility of the government's and Fund's "explanations" of the discrepancies. In its attempts to clarify where the money might have gone, the government revealed that Sonangol underreported some of the funds it received from its operations, and that part of the money unaccounted for was transferred into foreign escrow accounts; explanations that were reiterated in several IMF reports. Yet in an April 2012 letter to the IMF, they argued that they "are vague and do not provide sufficient detail to answer basic questions about how the money was spent" (OSISA et al 2012). One Western observer also felt that the Fund's public endorsement of this response was solely influenced by the fact that "the Angolans protested"¹⁷³, while one of the country's most high profile transparency activists underscored what he saw as fundamentally wrong with the Fund's pursuit of domestic ownership and its approach to resource governance reforms more generally:

"They are just listening to what the government is saying; they are reading what the government is producing; they are disseminating what the government is trying to let come out but they are not confronting this information with other information or with the reality on the ground. They are not verifying, they are not trying to certify [...] The government just gave a piece of paper and they just accepted it [...] When I met with [IFIs] officials in Washington, I said to them 'but how do you know?' Give me the locations, places and names of these projects. Did they verify? They never verified! Transparency is also verification [...]. All these international financial organisations are great but they have to be more serious."¹⁷⁴

In a letter dated April 9, 2012, Antoinette Sayeh - the Director of the IMF's African Department - indicated that the Fund was satisfied that discussions of this issue with the Angolan authorities led them to investigate the sources of discrepancies and establish an "inter-institutional mechanism to ensure the regular reconciliation of data on oil production and oil revenues" (Sayeh 2012). On the question of transparency, she clarified that the "initial findings" of the government's investigations were shared with the Fund in a reconciliation report, and "outlined" to the media by the Minister of Finance during a

¹⁷³ Telephone interview with a Western journalist, 4 January 2013.

¹⁷⁴ Interview with an Angolan transparency activist, London, 17 September 2013; emphasis added.

joint press conference in Luanda in January 2012. Yet it is one thing to say that a rigorous process is in place, and another thing to show how this process has worked. As it happened, both the second post-programme monitoring report (dated March 19, 2014) and the last Article IV Staff report (dated September 5, 2014) suggest, in effect, that the Stand-By Agreement delivered mixed outcomes.

Overall macroeconomic stability improved and a number of reports were published. The commitment to phase out subsidies and Sonangol's quasi-fiscal activities was short-lived in 2012 due to perceived resistance though the momentum for reform returned in 2013. The reconciliation of oil revenues continued but remained relatively weak. And new concerns over the governance and transparency of the sovereign wealth fund emerged soon after its creation (IMF 2012: 9-13). Furthermore, the inclusion of Sonangol's quasi-fiscal activities in the budget was offset by the "omission from the budget of expenditure on infrastructure for new cities undertaken by Sonangol [which] represents a step back on fiscal transparency" (IMF 2014b: 8; emphasis added).

The SBA case exemplifies the concern with the costs of transparency, since the production of information on the accountancy gap had the effect of "multiplying the surfaces on which disagreement can incubate and flourish" (Barry 2013: 182). Most significantly with regard to the Fund's legitimacy crisis, it showed that by seeking to legitimise its new-found approach by giving the GoA free hand in the reform process, the Fund presided over a programme that increased new doubts over its gatekeeping role.

Still, as noted earlier in this section, the IMF's performance in Angola was affected by both internal and external factors. Among the oft-cited external factors conditioning the effectiveness of the Fund's interventions in Angola are Angola's agency and commitment to reform, its geostrategic relevance, the emergence of alternative sources of financing from rising powers - China and Brazil being the two most important in the Angolan context -; and the lack of coordination and coherence among Western nations. These elements are examined below.

Angolan Agency

To recapitulate, many ORT initiatives listed in Chapter 4 began long before the civil war ended in 2002, although it is only since the end of the war - since 2004 in particular -

that reforms have been consolidating. Work on this area thus constitutes “work in progress” and emphasises continuity rather than change, although there have been some noteworthy shifts in the actual strategy used by the government, the emerging “technocratic” handling of public finances (Vallée 2008) as the signing of the SBA indicates. As such, contrary to Woodward’s (2013) observation of the minimal influence of developing country governments in the shaping of development policies, one difficulty with identifying the role and influence of IOs in ORT policy outcomes in Angola stems from the government’s agency and commitment to reforms. Indeed one critic referred to the post-war period from 2004-2008 as “the last misplaced and poorly articulated phase of apparent belief in leverage over aspects of the Angolan government by a few Western circles, donors, and companies.”¹⁷⁵ The thrust of his argument is that international leverage over Angola is largely overstated.

Among the reforms borne out of Angolan initiatives, sometimes against and without the advice of external actors, is the case of the contracting of Crown Agents, which “was not requested by the IMF at all” but nonetheless led to Angola’s most significant and successful reforms (Vines et al 2005: 15). Angolan agency and “ownership” of the reform process is also evident in its initiation of the PFGM and its co-financing of the Oil Diagnostic Study. In relation to the latter, Macnab (2006) referred to the increase in the pace of change following the adoption of the study’s main recommendations. As he pointed out, “no major delays have occurred in starting the process of reform”, an important feature which he claimed, “helped the pace of institutional strengthening”. The AUPEC consultant’s assessment was that in all, “the current Angolan government has given a clear commitment to develop an efficient, fully resourced, well managed and expert tax department to administer oil taxes.”

To be sure, Angola’s commitment to reform extends to the post 2009 crisis period as well. Like many observers, one long-term observer of Angola expressed its surprise at the fact that “[Angolan petro-elites] stuck by the current round of reform and that they actually took the money from the IMF.”¹⁷⁶ Further, that work began on the FSDEA before the authorities agreed to the terms and conditions of the SBA also indicates that they were serious about beginning the reform process as quickly as possible.

¹⁷⁵ Interview with Western civil society activist, London, 18 February 2013.

¹⁷⁶ Telephone interview, 7 June 2011; emphasis added.

Others explain that part of the reason behind both the dampening of Angolan interest and urgency to reach an agreement with the IMF and the need for the West to reconsider the role that the IMF played in the relationship with Angola was the success of Angola's 'home-grown' economic policies (Shaxson 2009; Aguilar 2005: 17). These policies were formulated and consistently and persistently implemented by "Angolan technicians, specialists and leaders, at times in contradiction with the certainly well intentioned advice of some international financial organisations" (Nunes Junior 2009), resulting in "the longest period without damaging policy reversals since Angola began its long and parsimonious road to a market economy in the second half of the 1980s" (Aguilar 2005: 18). They brought about an impressive level of macroeconomic and financial stability, thereby vindicating Angola's interventionist approach. With this progress came praises from the international community¹⁷⁷ and the realisation, by both the government and the IMF, that an IMF-monitored programme might be not be necessary after all (Aguilar 2005; Shaxson 2009). Most importantly, these changes were made possible by the availability and use of policy alternatives facilitated by large windfall of oil revenues and the return of China.

Russia, China and the West: Ambiguities and Contradictions of Policies Towards Angola

Keen observers of Angolan affairs cannot but notice the swift transformation that it has undergone, from being a global battleground, to being one of the major political and economic forces in the African continent. Nowadays, Angola's reputation as one of the world's most corrupt countries is overtaken by a more favourable one, for those who would like to see it that way at least. Many view it as 'an incredible success story'; others, as a 'global player'. For, not only did it manage to consolidate peace and record impressive economic growth rates, it also considerably increased its presence in the region, continent and in the world. This in turn helped transform the petro-state's global

¹⁷⁷ Jonathan Shields, former IMF Chief Mission in Angola, had the following assessment to make in 2004:

"There've been considerable advances made over the last year or two in the information provided by Angola to the rest of the world, and the way they present and use that information themselves. In the context of Angola, obviously the critical element has been revenues from the oil sector. A couple of years ago it was quite difficult to disentangle the flows in and out of the national oil company, Sonangol, and to determine what part of the revenue flowing through it was actually the government's, and what was necessary for their own operations - and to be sure that all the revenue was properly accounted for and well used" (cited in IRIN 2004).

standing, as evidenced by its leading role “as a friendly security provider” across the continent (Martins 2011), its participation at the 35th G8 Summit in L’Aquila (Italy) in July 2009¹⁷⁸, its hosting of OPEC’s chairmanship the same year¹⁷⁹, its status as one of Europe’s biggest trade partners¹⁸⁰ and the visits of numerous dignitaries, including former Russian President Medvedev (June 2009), former US Secretary of State Hillary Clinton (August 2009), UN Secretary-General Ban-ki Moon (February 2012) and outgoing European Commissioner President José Manuel Barroso (April 2012).

Besides its petroleum resources, Assis Malaquias affirms that Angola owes this newfound economic and political clout to the success of its foreign policy’s “pragmatic recalibrations”. He shows how Angola’s recalibrations have served it well in the engagement of external allies that might help overcome domestic challenges, from soliciting the services of the ex-Soviet Union and Cuba to ensure the regime’s survival, or the assistance of China to rebuild the country’s infrastructure soon after the war, to seeking the support of the U.S. to propel and sustain development after the transition (Malaquias 2011). As he noted, this was a consequence of the Soviet disengagement in the late eighties, which for Angola, “demonstrated the perils of overreliance on a single major international backer. For the MPLA regime, this had near-fatal consequences as it was left to fend for itself once the conflict reignited after the 1992 electoral fiasco” (ibid: 8).

Fast forward to today, bilateral relations with Russia are marked by attempts to revitalise the partnership between the two countries, “this time grounded on economic drivers” (Alves et al 2013: 12). Yet, apart from educational/training exchanges, a few prestige projects – such as the joint construction of a satellite – and cooperation in strategic areas including oil and mining, the importance of these relations to Angola’s contemporary political economy has somewhat been relatively negligible beyond strategic military cooperation (ibid), up until recently when it was announced that the

¹⁷⁸ Angola Monitor (2009: 1) reports that Angola was invited at the Summit Angola was invited to the G8 Summit mainly both because of its chairmanship of OPEC and because of its high economic growth rates. China Daily (2009) quoted Dan Mozena, former U.S. Ambassador to Angola, as saying that Italy was a “very important and prestigious” mark of the southwestern African country.

¹⁷⁹ Angola joined OPEC in January 2007.

¹⁸⁰ The European Union (EU) was Angola’s third largest trade partner and its main source of imports in 2011 (Seabra 2012). It is important to note, furthermore, that Angola’s bilateral trade with individual countries has equally grown. To illustrate, Angola became the UK’s fourth largest export market in Africa and one of five “High-Level Prosperity” partners in 2012. (see www.gov.uk).

GoA has approved borrowing of US\$1.5 billion from Russian bank VTB Capital (Macauhub 2014).

The same cannot be said of China, even though unlike Russia, it did not have the best of starts. From a historical perspective, China's relations with Angola dates back to the early seventies when it first supported the MPLA during the struggle for independence against Portugal (Ferreira 2008:296), then (after 1975) UNITA and FNLA, with to which it offered financial and military support (Guimaraes 1998). That China provided assistance to its rivals did not however prevent the relationship with the MPLA government from burgeoning. More recently, Angola became China's second largest oil exporter (behind Saudi Arabia), contributing nearly 16 per cent to China's total crude oil imports in 2010, and more than 40 per cent in 2012 (*Angop* 2012a; Silva 2010). Furthermore, as Figure 5 below illustrates, China has become the first destination of Angola's oil exports, receiving over 40 per cent of Angola's total crude oil exports in 2012, with the US importing less than 15 per cent of Angola's oil that same year. In sum, what began as a 'partnership' based on ideologies and defence has shifted to one based on economic interests.

From China's perspective, this sea-change reflected the urge of addressing China's energy security needs and the shift in China's vision of development from one entirely premised on long-standing claims of a 'harmonious' and 'peaceful' cooperation both nationally and internationally to a 'new', 'pragmatic' economic or growth-oriented strategy (Power & Mohan 2009). From Angola's viewpoint, however, this shift must be understood in the context of the country's post-conflict reconstruction. President Dos Santos, in his 2013 interview with Lisbon SIC Noticias TV, reaffirmed that Angola's "cooperation" with China came at a time when there was "no empathy on the part of Western countries." On the opposite direction,

"China was one of the countries that expressed its availability to loan money and as a result major Chinese companies have come here to carry out works that have been paid for with financing secured under conditions that were acceptable [...]. That was how Chinese companies came to Angola" (Dos Santos 2013).

Figure 5: Angola's Crude Oil Exports (2012)

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Source: U.S. EIA (2014)

The 'acceptability' of China's financing stems mainly from the absence of political conditions. As soon as the announcement of the first US\$2 billion loan from China's EximBank was made in 2004, China was nonetheless branded a "rogue donor". Conventional wisdom for much of the past decade was that by offering an alternative, "without any strings attached", China effectively undermined efforts by multilateral agencies to use overseas aid as an incentive to curb corruption in the country.

This version of events has now been discredited by experts who specify that although Angola was put under pressure by the fact that the IMF and the World Bank would not lend the state money until they opened up the books, "the idea that the IMF or World Bank was on the brink of making a 'breakthrough' with Angola when China stepped in is a bit exaggerated."¹⁸¹ Unlike many other African countries, Angola did not have a structural adjustment plan yet, and so it was much more autonomous in its fiscal decisions¹⁸². Importantly, it had been borrowing from Western private banks and even governments, which expanded their own separate development assistance programmes and processes, thereby creating a "cacophony of donors" (Woods 2008: 15) making different and contradictory demands on Angola. The first to "break rank" in 2003 was

¹⁸¹ Interview with an expert of Sino-African relations via Skype, 7 April 2010.

¹⁸² Ibid.

Germany, a member of the Paris Club which settled a debt reduction deal unilaterally that would facilitate the entry of its companies into the Angolan market (Brautigam 2009: 275).

China's return to Angola has been "revolutionary" (ibid: 276) in two respects. First, as remarked in Chapter 5, "for the first time, there was a hope that some of Angola's riches might actually be translated directly into development projects" (ibid: 276). From a global policy perspective as Woods explains, "this is a silent revolution": "by quietly offering alternatives to aid-receiving countries", like other emerging donors, China has been "introducing competitive pressures into the existing system [and] weakening the bargaining position of Western donors in respect of aid-receiving countries with a mixture of implications" (2008: 17; emphasis added). In the Angolan context, the view of one well-known China-Africa analyst is that:

"In a way, it seems as if the Exim-Bank loan acted almost like some kind of catalyst [...] The government started talking to the World Bank and IMF again - there is this impression that Angola stopped talking to the World Bank and IMF altogether -, and the first made available about US\$1billion for financing a programme of diversification over a period of 5 years. The government made arrangements to pay back the Paris Club debt which essentially catalysed the increasing of credit lines from various other partners. The recent US\$1.4 billion from the IMF was also psychologically important because the Angolan government has begun some kind of rapprochement not only with various IFIs but also various other partners. So if you look at the government's position at various levels, they used their relationship with China to leverage their positioning in various fora."¹⁸³

One respondent reinforced this viewpoint, suggesting that "having a big Chinese friend was certainly a big thing for Angola and it helped Angola say to the West: 'Look, we don't necessarily need you guys'. So, it was never really a decisive factor, although an important one."¹⁸⁴

It is disputable exactly what China gained from this presumed "win-win" relationship. What is clear, is that the Angolan regime has been "steering development and co-opting China where it deems fit."¹⁸⁵ On ORT per se, it should be noted however that widespread public perceptions of China's non-interventionist policy as a "publicly stated

¹⁸³ Lucy Corkin, speaking at the event on "China in Africa: What Role Does China Play in Angola's Reconstruction Programme?", hosted by CMI in Bergen, 29 November 2010.

¹⁸⁴ Telephone interview with Western journalist and writer, telephone interview, 21 January 2010.

¹⁸⁵ Interview with an African analyst, Stellenbosch, 7 August 2009.

policy that they don't care about governance in other countries" (Karin Lissakers quoted in GW 2007:8) do not give a true reflection of China's attitudes towards transparency. They do not do justice to China's awareness of, and concerns about, the damage that potentially corrupt deals may have on its reputation and international 'soft' power ambitions. Nor do they leave space for the benefits of China's alternative approach to development assistance, or its responses to allegations of corruption such as those outlined in Chapter 5, to be showcased.

There is a sense among Chinese officials, that the "special" relationship China has had with its African partners is waning and there needs to be a concerted effort to overcome China's "PR [public relations] problem."¹⁸⁶ This process was set in motion in late 2007 when the Chinese government, via the State-owned Assets Supervisory and Administration Commission, introduced an array of initiatives designed to increase the social and environmental reporting of large extractive sector companies. Besides, several subsidiaries of Chinese NOCs are participating in EITI processes in implementing countries, though they too recognise the need to do more. In November 2012, *The New York Times* quoted Fu Chengyu, the chairman of Sinopec, as saying: "Chinese companies have more work to do from this side, to become more transparent and more open [...] I think we have become better but still there is a long way to go" (Reed 2012). Further, in October 2014, the Chinese Chamber of Commerce for Minerals, Metals and Chemicals Importers and Exporters published ground-breaking Guidelines for its mining and mineral trading companies operating overseas, which would cover wide-ranging aspects of responsible corporate behaviour including preventing conflict and corruption, labour rights, environmental protection, and community relations (GW 2014: 4).

This gradual culture change towards more openness prompted one civil society representative to call for a move away from unsubstantiated misgivings against China to a focus on more positive policy developments¹⁸⁷. Another interlocutor reflected the fact that these misgivings are the sole product of a general Western uneasiness about China rising as a global power¹⁸⁸. Incidentally, Woods believes that this apprehension about China's rise generated a competition between "West" and "East" that did nothing but

¹⁸⁶ Informal conversation with a senior Western analyst, Coventry, 6 November 2013.

¹⁸⁷ Informal conversation, London, 13 June 2014.

¹⁸⁸ Telephone interview with Western journalist and writer, 21 January 2010.

expose the former's "standards that are either out of date or ineffectual", and highlight their mere aspirational nature. And she warned "Multilateralism in the international development assistance regime is weakening; and there are very few incentives in the existing governance structure of multilateralism to give emerging donors an incentive to engage" (Woods 2008: 17).

Indeed, if China is supposedly the biggest challenge to IOs' ORT standard-setting, it is by no means its only problem. In effect, IOs' apolitical and indecisive response to oil governance challenges in postwar Angola simply mirrors a general lack of commitment on the part of IOs and Western powers to curb oil sector corruption. It also highlights doubts as to whether ORT is the most appropriate tool for solving the resource curse; or worse still, whether there is, after all, a known recipe for solving it, especially in difficult contexts like Angola. Reinforcing this point is the comment by an Angolan civil society representative, that "Angola is seen as an oil producer with poverty – the US and other western actors do not have a model to deal with a rich/poor country like this" (quoted in Shaxson et al 2008: 18). As will be shown shortly, these doubts and confusion are reflected in the practice of Western powers' policies.

It goes without saying that Angola's oil has always been a focal point of attraction for Western governments too, though whilst China has been able to help rebuild Angola's infrastructure, Western nations have mainly focused on providing technical assistance to Angola's governmental bodies¹⁸⁹. As former US Ambassador to Angola, Christopher McMullen noted in 2012, US-Angola relations are not just about morals; "it is self-interests at work too."¹⁹⁰ This was underscored early on, when in considering US responses to the Angolan anti-colonial struggle, Secretary of Defence James Schlesinger proposed, during a National Security Council meeting in June 1975 that: "we may wish to encourage the disintegration of Angola. Cabinda in the clutches of Mobutu would mean far greater security of the petroleum resources" (cited in Hanhimäki and Westad 2003: 521). Later, such was Angola's relevance to US energy security

¹⁸⁹ The U.S. has been providing technical assistance to MINFIN's treasury department and to the central bank; and Norway has done so, most famously through its Oil for Development (OfD) programme. NORAD's website indicates that through this programme, it has supported MINPET in the set-up of the legal and regulatory framework including the petroleum legislation that came into force in 2004, and its expertise has had a major effect on the government's share of revenues from petroleum.

¹⁹⁰ Ambassador McMullen speaking at the event on "US-Angola Relations: Pragmatic Partners", organised on 12 October 2012 in London by Chatham House.

interests that the latter invested US\$250 million in covert aid to UNITA between 1986 and 1991, making US support to Angola the second largest covert programme after the Afghan mujahedeen (Human Rights Watch 1998). Further, it was predominantly the economic and strategic interests of the US - as one of the “crafters” of the Alvor and Bicesse Peace Accords despite being a crucial party to them - that gave the MPLA government the advantage over UNITA (Messiant 2004).

Yet the biggest challenge in US-Angola relations has been to “learn to disagree on certain things and to compartmentalise our relationship and try to advance those areas we have converging interests.”¹⁹¹ That is why these relations are particularly instructive here; for they expose the difficulty Western nations have had of reconciling their need to harness business opportunities in the emerging power with calls from parts of their domestic constituencies to keep demanding greater transparency and accountability from the Angolan government, especially in this post-crisis period. Reflecting these contradictions is the following statement:

“If you see the US, they have taken a very hard line; one you could easily take with Angola in terms of calling for greater disclosure of oil revenues, doing assets freezes if they are corrupt assets... They won’t do it in Angola. They won’t also go to war in Angola but I am saying that the anti-corruption mechanisms that are available to them are being used elsewhere.”¹⁹²

The clearest evidence of a double standard in the practice of US policy towards African petro-states emerged during former US Secretary Hillary Clinton’s visit to Africa in August 2009. In an open letter published ahead of her two-day visit to Angola, the first visit to Angola by a US Secretary of State in seven years, and the longest ever by a US Secretary of State to any African country, a group of Angolan civil society activists called on the Secretary of State to denounce incidents of corruption, nepotism, bad governance and human rights violations recurrent in the country. Instead, speaking in Luanda on 9 August, Mrs Clinton was seen to be supportive of the government when in a conciliatory tone, she affirmed how “encouraged” she was by advances in greater democratic participation and government’s efforts at increasing transparency.

Former US Ambassador Dan Mozena later justified this US “pragmatic step-by-step approach” as one “particularly relevant for promoting human rights, improving governance, and increasing transparency.” “Corruption in Angola is a mine-field” he

¹⁹¹ Ibid.

¹⁹² Telephone interview with a Western human rights activist, 7 June 2011.

affirmed, insisting that “the U.S. position is not to preach.”¹⁹³ Yet, preaching is what Mrs Clinton came close to doing in Nigeria in dire contrast, where after condemning corruption and “the failure of governance at the local, state and federal level”, she moved on to “encourage” the Nigerian government “to increase transparency, reduce corruption, provide support for democratic processes in preparation of the 2011 elections” (Hillary Clinton, former U.S. Secretary, remarks made in Abuja, 12 August 2009). What makes this apparent disparity in U.S. modes of engagement with sub-Saharan Africa’s biggest oil producers ever more striking is that earlier that year, whilst in Ghana, President Obama had stated that “no country is going to create wealth if its leaders exploit the economy to enrich themselves...” This is exactly what the group of six Angolan activists highlighted in their open letter which was not mentioned by the US Secretary of State during her two-day visit.

Unsurprisingly, Angolan opposition parties and civil society were dissatisfied with Mrs Clinton’s speech, which they felt undermined local voices that are critical to the government (Vines and Cargill 2010: 65). To some, these ambiguities came as no surprise since “the US has never had a policy of real concern for human rights or for the wellbeing of Angolans as such. What is happening with Hillary Clinton’s visit is just a continuation of a U.S. policy which has always been focused on oil.”¹⁹⁴ For others, Mrs Clinton’s timid push for increased transparency in Angola was an unfortunate missed opportunity. They point out, as shown above, that US officials have at times reacted positively to calls for them to exert pressure on foreign governments to undertake reforms. This includes in Angola too, where former Ambassador Christopher Dell - known for being “pushy by character”¹⁹⁵ - “certainly pushed hard for reform”¹⁹⁶ during his tenure between 2001 and 2004. His major contribution towards the end of this tenure was to push for a debate on Angola’s strengthening of the postwar political process at highest levels of government. In particular, in 2004, he made clear that “Washington would not accept an indefinite delay in holding elections”, stating that “It is important to have a date, any date, because without a date, even a tentative one, we cannot have a political process [...]”. From a political standpoint as well as for national reconciliation and the completion of the peace process, it is necessary that elections be held in Angola

¹⁹³ Speaking at Chatham House, London, 21 June 2010.

¹⁹⁴ Rafael Marques de Morais, in an interview with RFI, 9 August 2009.

¹⁹⁵ Informal conversation, Coventry, 5 November 2013.

¹⁹⁶ Telephone interview with Western human rights advocate, 7 June 2011; emphasis added. See also HRW (2010: 25). Since 2012, Christopher Dell has been serving as the Deputy to the Commander for Civil-Military Activity, U.S. Africa Command.

in the next two years” (quoted in Alexander’s Oil and Gas Connections 2004). These remarks came as President Dos Santos was preparing for a second visit to Washington, where it is understood that he asked President Bush to “turn a blind eye to delaying elections in exchange for oil and other promises of reform” (ibid). The publication of Chevron’s payments for block 0 ensued soon after.

The US Senate is also listed as an important influence on the reform agenda in Angola. Rumour has it that the President’s announcement of the LAP in February 2010 was linked to his reputation in the Senate “as somebody who engaged in very suspicious transactions.”¹⁹⁷ US Senate’s investigations of HSBC Holdings’ dealings with the former head of the BNA Aguiñaldo Jaime and other senior public figures were also reported to be linked with the ousting of Aguiñaldo Jaime from the national investment agency ANIP in 2011. Moreover, one senior analyst commented that “Dodd-Frank resulted in bad relations with the Americans”¹⁹⁸, presumably because it is perceived to be contravening Angolan laws.

It must be said that whereas U.S.-Angola relations highlight ambiguities and contradictions in Western powers’ foreign policies, Angola-Portugal bilateral relations are highly illustrative of the weakening bargaining power of Western actors in respect of Angola. Since 2007, several Angolan private investors or SOEs have bought or increased shares in Portuguese banking, oil, real estate, telecommunications, and media companies doing or with the ability of doing business in Angola. In 2011, it was estimated that Angola owns around 3.8 per cent of Lisbon Stock Exchange (ABN 2011). Portugal, in turn, is one of a few countries whose companies have been in a “privileged position to make deals – from the smallest to the largest business deal” (President Dos Santos 2013). In 2009 and 2012, Angola was Portugal’s fourth largest export market, surpassed only by France, Germany and Spain, and adding up to 80 per cent of all trade with the Portuguese-speaking African Countries (Beck 2013; Seabra and Gorjão 2011: 9). In 2011, Angola offered to help debt-ridden Portugal with the impact of the financial crisis, mostly by investing in its state-owned enterprises.

Despite close economic and trade ties, plans of a “strategic partnership” have for some time now been in tatters. Carlos Abreu of the Portuguese weekly newspaper *Expresso*

¹⁹⁷ Telephone interview with Western human rights advocate, 7 June 2011.

¹⁹⁸ Informal conversation, London, 26 March 2014.

identified four “episodes of tension” between Portugal and Angola since March 2007 (Abreu 2013), yet it is the latest and most significant incident that put the idea of a partnership between the two countries at risk. In November 2012, *Expresso* revealed that Portugal’s Attorney General office was investigating senior Angolan officials - including Angola’s Vice-President Manuel Vicente and Attorney General Joao Maria de Sousa - were under investigation by the Portuguese Attorney General’s Office for alleged money laundering and tax fraud. Suspicions and doubts over the scale and origins of funds invested by Angolan senior figures had aroused for some time among some parts of the Portuguese and Angolan society, but that was the first time that these were seriously investigated.

In September 2013, after stating that the executive had no powers over the judiciary, Portugal’s Foreign Minister Rui Machete gave a maladroitness “diplomatic apology” in an interview with the Angolan national Radio. The Minister later withdrew his apology but this “unfortunate expression”, as Portugal’s Prime Minister Pedro Passos Coelho described it, had already caused uproar in Portugal, with some critics asking for the former’s resignation (Mail and Guardian 2013).

The sharpest Angolan response to this probe came from President Dos Santos. In his State of the Nation speech on 15 October 2013, he declared that Angola had stable relations with almost every country in the world but “with Portugal, unfortunately things are not going well [...] There have been misunderstandings at the highest level of the state and the current political climate does not encourage the implementation of the previously announced strategic partnerships...” (Ibid). The President blamed the investigations on Western racism. “In the battle against corruption”, he attacked, “the anti-corruption organizations in the West are deliberately creating misunderstandings in order to intimidate Africans who are generating wealth and who want to get access to it. They are creating the general impression that a rich African is invariably a corrupt one.”

The president’s remarks were followed by the postponement of a Portugal Summit that was expected to result into “far-reaching” economic and cultural accords in November 2013. Manuel Alves da Rocha, one of the country’s top economists, revealed in addition, that conditions are severing from Portuguese businesses and individuals seeking new contracts or work in Angola as a consequence of the investigations which have now

been closed.¹⁹⁹ When asked by the author about the current state of bilateral relations between the two countries in June 2014, Angela Bragança, Angola's Minister for International Cooperation reiterated the president's comments, saying that despite the fact that Portugal remains a "priority for foreign policy" in Angola despite the fact that these relations were "not understood by a section of Portugal's socio-political sector."²⁰⁰

THE IMF IN POSTWAR ANGOLA: A CASE OF TRANSPARENCY LEVERAGING?

One of the biggest issues of contention regarding the IMF lies in its role in resource-rich developing countries. As it was argued in this chapter, several factors have combined to make it extremely difficult, almost impossible, to provide a definite answer to what role the Fund has played in bringing about ORT and oil governance reforms in those countries. One issue with Angola related to the slow pace and uptake of reform in some areas and the lack of reforms in others. Another matter has to do with Angola's agency and financial autonomy, unlike some of its neighbours for which almost half of the budget comes from aid. As one Angolan analyst so eloquently put it,

"That kind of pressure can hardly be applied to Angola. It is true that some of the measures that have been implemented can be linked to some extent to the recent IMF loan for which certain conditions have been imposed. But still, it is all outside, and quite superficial."²⁰¹

Thus, in lieu of delineating between the effects of the Fund's policies and reform outcomes, the chapter set out to identify the factors that may have limited a more effective diffusion of ORT in Angola. The chapter has evoked questions surrounding the Fund's inconsistent support for ORT reform; the credibility of its policy advice, the success of Angola's own homegrown solutions to the resource curse, which might have downplayed the extent of the Fund's input into the reform process; shifts in the global political economy as reflected by Angola's growing geostrategic relevance and the 'silent' revolution led by emerging actors like China, and finally, the incoherence of policies of some of the Fund's largest shareholders, chiefly the US.

¹⁹⁹ In an interview with *Euronews*, 21 November 2013.

²⁰⁰ Speaking at Chatham House, London, 13 June 2014.

²⁰¹ Interview, Luanda, 10 August 2010.

This combination of internal and external factors raises the question as to whether the Fund should be expected to bear any responsibility for the limitations or ineffectiveness of its policies. One way of answering this question could be by making the argument, as it was the case here, that beyond structural factors, the IMF itself did not take its role as a leading norm entrepreneur seriously enough. This leads to a second and even less settled question, of whether one should expect conditionality policies from the Fund to lead to wider governance reforms in recipient countries, knowing that the end goal of these reforms is neither the stability of the financial and monetary system nor the survival of the Fund, but rather, sustainable peace and development in Angola. In actual fact, Woodward argues against expecting too much of a pro-developmental stance from IFIs in general for,

“[...] neither the IMF nor the Bank seek to build peace but to transform the structure of pre-war and wartime economic and political power to create a state that facilitates private sector, market-led growth, particularly its capacity to service its foreign debt while lowering public expectation to that which the country can afford.”

In sum, it is the foregoing aspects of international arrangements, especially the democratic deficits that they engender, that are not yet settled; and they surely do deserve much more attention than they are currently receiving.

Following on from this analysis, another fundamental question is where change would come from in the absence of a clear and effective contribution from IFIs and foreign governments. Kolstad and Wiig (2012: 150-51) suggest that in cases where governments fail to provide a satisfactory level of governance and the international donor community is weak, these ethical responsibilities for governance improvements should be delineated to multinational corporations. Yet, can incentives really come from companies wanting to do the right thing in Angola? To answer this question, the author will assess IOCs' commitment to and application of transparency in Angola in the upcoming chapter.

CHAPTER 7

PORT AND THE DILEMMAS OF CSR IN POSTWAR ANGOLA

“Does anyone think that Exxon, BP, Total, Repsol, Shell and Sinopec do not have to deal with political interference? Does anyone think that any big oil company is impervious to political influence? Is there not political interference in the hierarchies, strategies and big decisions? This is the nature of the oil business.”

José Sérgio Gabrielli de Azevedo, former Chief Executive Officer of Petrobras.²⁰²

“If you go to Luanda and visit the Norwegian Embassy, you’ll see that Statoil’s flag is bigger than Norway’s national flag. That tells you that economic interests are more important than anything else.”

Excerpt of an interview with Western INGO representative, 12 June 2009.

That the debate around good energy governance and extractive industries transparency is evolving reflects the evolution of the character of the world petroleum industry: from a value-blind industry traditionally centred on ‘hard’ energy issues of profits, price and security of supplies, to one using ethical or ‘soft’ principles as a new strategy to address the need to manage and regulate stakeholders’ behaviour (Goldthau and Witte 2010: 19; Benner et al 2010). As Chapter 2 specified, since its emergence in the oil industry in the 1990s, revenue transparency has developed into arguably the most prominent policy used by oil and gas companies both as a response to criticisms of their performance and as a way to tackle the governance challenges facing these countries. Chapter 4 too highlighted a few instances where these corporate actors played a key role in driving this agenda in Angola, notably with the disclosure of information related to Chevron-operated block 0 and Statoil-operated blocks 38/11 and 39/11. These illustrations are increasingly challenging conventional writings which tend to ignore their role as central agents to the standard-setting and diffusion process of global policy norms (O’Faircheallaigh 2014 and Lamrad 2013 are notable exceptions).

²⁰² See Gall (2011).

The question is how far this shift actually does go, in other words, what evidence there is that points to a systematic shift in companies' behaviour. That is the central question that this chapter will delve on. To be more precise, the chapter will critically examine how multinational oil corporations have responded to global demands for greater revenue transparency in the extractive sector in postwar Angola. Mixed messages emanating from BP's, Chevron's, Statoil's and Cobalt's Angolan operations (in the Introduction, Chapters 2, 4 and 5) exemplify the necessity to scrutinise these and other companies' responses more thoroughly. They reveal the limitations of IOCs' responses to 'bad' oil governance in Angola, a fact that has as much to do with IOCs' behaviour, as with the institutional context and the policy itself. These findings not only cast light on the complexity of implementing corporate social responsibility in a developing country context such as Angola's, but crucially, call for a systematic rethink of the transparency policy, its benefits and costs, for IOCs.

The remainder of the chapter is organised as follows. Section 2 provides a background to IOCs' behaviour from colonial times up to their embrace of ORT, while section 3 reviews the dilemmas and paradoxes of implementing CSR in postwar Angola. The section gives emphasis to firms' and stakeholders' views on the factors hampering IOCs' effective participation in the institutionalisation of ORT in Angola. It will highlight, among other things, the challenges of implementing 'offshore' CSR and the divergence between IOCs' interventions in "soft" areas of development and humanitarian assistance on the one hand, and "hard" or more politically-sensitive areas like oil governance in Angola - in short, critical issues and emerging trends affecting the practice of CSR in Angola. The final section concludes with a word of warning on the possible implications of IOCs' conduct on Angolan society and the firms.

BRIEF OVERVIEW OF OIL COMPANIES' BEHAVIOUR IN WAR-TORN ANGOLA

To understand why oil companies would want to engage on ORT in Angola, it is worth revisiting the controversial role they played in the country prior to 2002. Chapter 3 was enlightening on how IOCs contributed to the development of the Angolan oil sector during the civil war, but it must be said that their contribution to the sector and Angola's political economy pre-dates the civil war. The Belgian firm *Compagnie Financière Belge des Pétroles* (Petrofina, now part of Total) was the company that exported Angola's first

crude oil from the Benfica oilfield in the Kwanza River Basin near Luanda in mid-1955. Cabinda Gulf Oil Company, a subsidiary of the American oil firm Gulf Oil Corporation ('Gulf Oil'), was arguably the biggest contributor to the colonial economy and biggest source of funding of the colonial power's fight against domestic insurgencies. The company is reported to have contributed 13 per cent of Portugal's Angolan budget and 60 per cent of military expenditure by the end of 1972 (Gunn 1987: 184). In 1974, it allegedly paid US\$550 million in royalties representing 7/10 of the foreign trade income of the colony (Dos Santos 1983: 109). At the same time, and together with Petrofina, Texaco and other international firms that had initiated exploration activities, Gulf Oil transformed the country's oil output from just a few thousand barrels per day in the early 1960s, to a respectable 172,000 bpd in 1974, turning oil into the leading export and Angola into the fourth African producer behind Nigeria, Libya and Algeria (ibid: 109).

IOCs too benefited from the situation that prevailed in Angola, even long before the civil war began. Gulf Oil was one of the biggest beneficiaries of Portuguese colonial policy. Founded in 1957, it was awarded exclusive prospecting and exploratory rights in Cabinda for fifty years, renewable for twenty years after negotiations (ibid: 106). It was also exempt from certain requirements usually asked by the colonial administration, such as "having the main business office in Portuguese territory, having a majority of Portuguese nationals in the board of directors on transferring 20 per cent of the capital stock to the colony of Angola" (ibid: 106-07). In fact, the dominance of the American firm that Yates (2012) cited as an instance of imperialism-at-work begins during this period.

At the same time that multinational oil companies were enjoying great concession deals in the colonial state, they were increasingly branded "a major obstacle to the political independence as well as to the enjoyment of the natural resources of these Territories by the indigenous inhabitants" (Corporate Information Centre 1972). Nevertheless, that did not prevent them from pursuing further deals with post-independent governments. In Angola, not even the wars for liberation, the transition from the Portuguese colonial administration to the Marxist-Leninist MPLA government or the post-independence civil war had much of an impact on state-corporate relationship or on the political positioning of companies. Confidence in the operating environment, together with the increasingly offshore location of oil operations, the pragmatism of the new MPLA government and the combination of diplomacy and pressure on its part convinced Gulf Oil and other oil companies to stay put (Perez Niño and Le Billon 2013: 12). Besides, this was a time of

growing corporate predisposition to shift towards African oil provinces, a trend influenced by rising resource nationalism that spread from Latin America and the Arab World, and high oil prices instigated by OPEC, and companies were unwilling to risk putting their investments on the line.

As such, apart from a period of intense fighting and uncertainty that pushed some companies to stop production and briefly suspend their operations in late 1975, the majority continued to vehemently defend and protect their interests in the country, even if as in the case of Gulf Oil, it meant taking a stance that was in direct opposition to their home countries' foreign policy on Angola. Indeed the only shift visible during this period was as a result of the nationalisation process of the oil sector. Specifically, the arrival of Sonangol in the scene transformed the way Big Oil interacted with the Angolan state to the extent that although the "first movers" were allowed to continue their operations, they nonetheless were given less sway than they had during the colonial period, as indicated for example, by the restricted amount of land they were henceforth allocated and the shorter contract periods.

In the meantime, Angola offered to compensate companies with an efficient management of the sector and, as noted in Chapter 3, with a stable, predictable, attractive and competitive environment. Two main incentives were particularly relevant from the point of view of investors. One is Angola's unified and administrative regime in which key actors with decision-making powers within Sonangol and the Presidency have remained in place since independence (Thurber et al 2010: 22)²⁰³. This stability has presumably facilitated the avoidance of "confusion, ambiguity and unpredictability of taxing authorities" (Walde 1995) that foreign companies may be experiencing elsewhere.

The second incentive for companies was Sonangol's "skilful risk avoidance strategy" largely credited for the country's move from a dominance of tax and royalty contracts - that allowed Sonangol to receive dividends on oil sales but constrained the financing of petroleum projects in the early years of petroleum development – to more modern production sharing agreements for deepwater blocks – in which Sonangol's participation was more limited and compensation received in oil (Perez Niño and Le Billon 2013: 13).

²⁰³ Soares de Oliveira (2007a: 90) refers to the consistent portrait, by oil companies officials, of Sonangol as "a trustworthy and mature business partner, with some of the same faces presiding over investor relations for twenty years."

Company insiders see this legal and contractual regime as “one of the most progressive regimes in the world” (Kellas 2006) and “one of the most important sources of predictability necessary to make billion dollar investment” (Heller 2010: 22).

Critics contested that companies were ‘complicit’ in the destruction of Angola by generating oil revenues for a government that waged war against its own people, by “sustaining the reluctance of the Angolan ruling elite to abandon violent bids to seize or pressure state power and to implement reforms” (Le Billon 2001: 75), and by providing the context and influencing the attitude of the UN (Cilliers 2001: 639; Messiant 2004; Comerford 2007), as well as incentives in the fields of beneficial relations and strategic support (Le Billon 2007: 122). Most notably, they argued that by entertaining close relations with prominent Angolan figures and by contributing, through their tax bills and philanthropic contributions, to ‘social projects’ initiated by their charitable organisations (such as FESA), oil companies aided in the extension of presidential patronage in the country (Messiant 1999; Le Billon 2007: 120).

When faced with these allegations of complicity in corruption and with demands for greater transparency however, oil companies remained silent, claiming “we are not Jesus Christ [...] we came to this country to find oil and make money” (quoted in Le Billon 2001: 77), and opting instead for support to humanitarian projects in the health, educations and business sectors (Le Billon 2007: 120). Exxon’s line of argument on transparency, as put by its top official in Angola, was that:

“It’s not up to us to go into a sovereign country and tell them how they ought to be governing their people [...]. We obviously want to be a good corporate citizen. But we’re a guest in this country, and as a guest we’ve got to show respect” (Terry McPhail quoted in Ball 2006).

In other words, Exxon bosses did not see it as their role, or as that of private companies, to disclose information related to oil deals with states because it could be seen as influencing how these revenues are spent (see Buchan and McNulty 2002). Observance of contract confidentiality was paramount in a context of increased competitiveness, Lee Raymond, Exxon’s former chairman suggested (ibid). Other companies adopted the same stance elsewhere. A former executive at one of Europe-based oil multinationals reaffirmed this principle with regard to Nigeria, on which he said:

“As a company [we] can’t and won’t tell the government of a country what to do. That is not our job. But we can do is a variety of things around the edges of that, one of which is to work with people like UN agencies, the World Bank, who can help the Nigerian government to actually improve governance.”²⁰⁴

Thus, when BP effectively “ran in trouble” (Buchan and McNulty 2002) for siding with Western campaign groups and unilaterally agreeing to disclose payments it made to the Angolan government, it found itself on the fence. In all, fears of litigation under the FCPA, together with the minimal disturbances they experienced from Angola’s conflicts and the positive and professional relations they had with the government help explain why companies’ enthusiasm for what became one of the “major prospective areas in the world” (cited in Greenpeace 2003: 8) prevented them from taking responsibility for their role and contribution to the destruction of the country. As it happened, this enthusiasm was such that such that the more Sonangol opened up the Angolan coast during the nineties, the greater the number of companies wanting to get in. More recently, as noted, the industry appears to have embraced the ‘good’ governance agenda, albeit with shortcomings when it comes to actual practice in Angola. The following section investigates contradictions and ambiguities of this practice of CSR in postwar Angola.

ORT AND CSR IN ANGOLA AFTER THE WAR

Nowadays, both the corporate landscape of the Angolan oil industry, and the global debate about its regulation, are fast changing. As the veteran Duncan Clarke suggested, the positioning of international firms reflects history, opportunity, the competitive environment, their long-term strategy and some geopolitical considerations (Clarke 2008: 124). Chevron and Total who benefit from first mover advantage are now joined by Petrobras - which entered the country upon the personal invitation from the Angolan leader shortly after Brazil became the first country to recognise Angola as a sovereign state (Stolte 2012: 5) -; Statoil, which entered in Angola through a partnership with BP; Sinopec which has been driven by a ‘going global’ policy of increasing exports from overseas markets; and relative newcomer Cobalt, attracted by the geological prospectivity and opportunities that the country may hold.

Globally, these and other oil companies have had to consider whether and how to respond to rising calls to promote and apply transparency principles in the countries in

²⁰⁴ Interview, 1 February 2010.

which they operate. A quick glance at companies' external communications reveals that this is due to a general acknowledgement of the governance challenges that the countries in which they operate face. Total's interpretation is particularly insightful. On its website, Total states that:

"Oil and gas development by extractive industry operators generates substantial revenues for producing countries, but often the exact amounts involved are not disclosed to the public and the benefits are not distributed fairly among the local population. Linked to weak governance in public institutions, this situation can result in conflict for the control of these resources. We therefore believe that it is critical to promote the principle of financial transparency to producing countries."²⁰⁵

According to BP, transparent governance helps citizens of resource-rich countries access the information that is necessary to hold public authorities to account for the way they spend revenues²⁰⁶. This argument generally goes in line with the company's early realisation that its involvement in Angola and in other resource-rich countries could become problematic "if the government fails to live up to the commitments to increase democracy, accountability and transparency, and if oil revenues continue to be the main source of income to the government" (Cited in Bennett 2002: 8).

To improvements in government accountability, ExxonMobil adds that transparency acts as a "practical" and "effective" means to fight corruption and promote greater economic stability in these contexts and around the world²⁰⁷; while Statoil conceives it to represent a competitive advantage, a "business enabler", a means to promote better stakeholder relations and mitigate corruption risks (Skedsmo et al 2013: 14)²⁰⁸. Statoil professes its determination to be known "for our high ethical standards and our commitment to transparency and openness" (Statoil 2012: 3). According to one of its senior CSR advisers:

"We do not have anything to hide. So [...] although [transparency] might make us unpopular in certain countries in a short-term perspective, we think that it is best

²⁰⁵ <http://www.total.com/en/society-environment/ethics-values/areas-of-focus/promoting-financial-transparency-1?%FFbw=kludge1%FF> [Last accessed 01 October 2014].

²⁰⁶ <http://www.bp.com/en/global/corporate/sustainability/society/managing-our-impact-on-society/financial-transparency.html> [Last accessed 01 October 2014].

²⁰⁷ <http://corporate.exxonmobil.com/en/current-issues/accountability/transparency/overview> [Last accessed 01 October 2014].

²⁰⁸ These points were reaffirmed by another company representative in an interview with the author on 21 June 2012.

for the industry to be more transparent and be allowed to extract resources like we do.”²⁰⁹

This standpoint was reflected in the company’s decision to withhold support for the American Petroleum Institute’s litigation against SEC over Dodd-Frank 1504 (see Rubesa 2013).

In Angola, there appears to be a big gap between these very companies’ rhetoric and their practices as the following comments show:

“[IOCs] are not transparent at all; they publish no data. This is why we had to do the Dodd-Frank in the U.S. because they are absolutely full of self-serving nonsense about how important transparency is. But when you ask them to do it in a difficult environment like Angola, they immediately start giving you excuses [...] They will give you their record on malaria projects, how much they contributed to community development projects, [...] which may be true. But on this issue of transparency, they have not been useful at all.”²¹⁰

“Companies have been pretty quiet in Angola. I mean, they haven’t really tried to push the envelope. They’d rather let the Angolan government take the lead.”²¹¹

This last respondent remarked that “there may be good reasons and not so good reasons for this lack of transparent reporting.”²¹² In other words, although the legitimacy of some of these reasons may be questionable, not all derive from “allegedly ‘immoral’ or ‘evil’ decisions that lead a company to fall prey to the trap of bribery – rather, it is real dilemmas many companies face when these attempt to do business in markets that are tainted by corruption” (Eigen 1997). In general, explanations given for companies’ divergent responses range from lack of institutional support, lack of economic incentives and political leverage, to firms’ positioning, and the difficulties ensuing from the mostly off-shore and “enclave” character of oil extraction in the country. The following is an assessment of each of these factors.

²⁰⁹ Telephone interview, 21 June 2012.

²¹⁰ Telephone interview with Western transparency advocate, 7 March 2011.

²¹¹ Telephone interview with senior rights advocate, 7 March 2011.

²¹² Ibid.

The Institutional Context

The most oft-cited factor mediating IOCs' promotion of transparency in Angola is companies' priority of maintaining good relations with the government. In a relatively recent survey on CSR drivers in Angola, more than half of the IOCs and oil services companies surveyed responded that the expectations, requirements or pressure from the Angolan authorities are their main motivations for undertaking CSR activities in the country, along with companies' internal codes of conduct (Wiig and Kolstad 2010). The stability of relations with the Angolan government matters all the more not just because of Angola's positioning as one of the last frontiers for oil exploration, but more importantly, because it is at the same time "quite a strong state", a difficult context, and its government, very adept at making companies do what it wants by playing companies one against the other²¹³ or by imposing relatively stringent operating terms.

As demonstrated in Chapter 5 when discussing the award of E&P rights, most technical and commercial activities are dependent upon Sonangol's approval; powers which the NOC has used to assert its authority over industry participants. Examples of such incidents abound. In 2004, Sonangol refused to approve both the sale of Shell's 50 per cent stake in block 18 to the Indian firm ONGC Videsh and the renewal of Total's contract in block 3/80 at the height of the Angolagate scandal (Ferreira 2008: 280). In 2009 when Marathon Oil decided to sell its share of block 32 to CNOOC and Sinopec without consulting Sonangol, the NOC exercised its right of first refusal and transferred the shares to China Sonangol (Manope 2013). A year later, Sonangol rejected the recommended contractors for Total's operated block 17 due to "insufficient local content." As a result, contracts due to go to Saipem, Technip and Aker Solutions were transferred to the Korean company Daewoo Shipbuilding & Marine Engineering (DSME), Hyundai Heavy Industries, the Norwegian FMC and Acergy (Ovadia 2012: 406-07).

Interestingly, oil companies' communications suggest that Angola's lack of implementation of EITI - one of the MSIs through which IOCs claim to be promoting transparency principles at the global and country levels - is another decisive factor preventing their active engagement with ORT on the ground. Total is a case in point. After boasting about its commitment to publish "detailed" information – extent of acreage, types of contracts, activities held by affiliate companies and taxes paid to the government – regard-

²¹³ Several interviews with civil society actors, August 2010 and March/June 2011.

ing its operations in “several” host countries on its website, Total omitted to disclose information on the taxes it paid the Angolan government in 2013 in its brief on financial transparency in Angola. That is in dire contradiction with other briefings on Gabon, Congo Brazzaville, Nigeria and Indonesia among others, for which it clearly stated how much it paid. In effect, in lieu of this information, Total noted:

“Angola has decided not to pursue the implementation of EITI. However, the country’s Finance Ministry accumulates and publishes an analysis of oil flows and taxes on a monthly and annually consolidated basis (Exportações e Receitas de Petróleo 2013) on the Ministry of Finance website ...” (Total 2014).

As such, Total prefers to “help authorities who want to implement a transparency programme” rather than attempting to influence or advocate for one in a country that is reluctant to embrace the international standard.

In sum, whereas the BP incident highlighted the dangers of unilaterally acting on transparency, the foregoing incidents partly explain IOCs’ cautionary approach on transparency in Angola, thereby adding some degree of credibility to the view that their involvement in the promotion and application of transparency in Angola depends, to some extent, on whether and how their actions or inactions impact their relations with the government.

It must be said that the absence of a strong domestic constituency interested in and campaigning for CSR issues - beyond industry trade unions - contributes to this vicious cycle. Indeed, there is an overwhelming acceptance among a section of the Angolan civil society that the responsibility to publish oil data falls above all onto the government. In one case, one well educated Angolan interviewee went further, stating that publishing oil data is “definitely the responsibility of the government. The fact that companies are not doing it is out of interest.”²¹⁴ The author finds that this standpoint derives primarily from the fact that the ownership of oil resources reside with the Angolan people. In the words of an Angolan respondent: “the wealth belongs to all of us. It means that it does not belong to those people that are managing it, people who were mandated by us to manage it on our behalf.”²¹⁵ Ironically, the second perspective given by another interlocutor is one that stresses oil companies’ economic interests. That is to say:

²¹⁴ Interview with Angolan consultant, Luanda, 10 August 2010.

²¹⁵ Interview with Western scholar and former World Bank consultant, Cambridge, 1 March 2010.

“Companies are somewhat not complicit in my opinion [...]; it is rather a financial interest - people are more interested in business. Here, there is money. Why should I deprive myself of money? Companies live off business. They need to turn the machine to earn money. They must win lucrative markets [...] This justifies the fact that all of them held back! Even BP! Some did not even try.”²¹⁶

Recognition of these economic incentives partly explain why there are fewer expectations on IOCs, though not in the enclave of Cabinda where Chevron’s operational based is located. This finding not only raises questions about the credibility of PWYP’s approach that stresses IOCs’ key role, but also critically, validates the point about false assumptions driving the push for ORT in Africa and beyond.

Lack of Political Leverage?

The argument that has just been laid out, that “companies always do what the government allows them to do and they don’t want to push as they have billions of dollars of investment to protect”²¹⁷ must be qualified in some way. For it is not always entirely justified. To take the BP case as a starting point of this argument, one remarks that whilst the Angolan response to the incident was critical in shifting the debate from IOCs to oil-rich developing country governments, it was nevertheless overlooked that Angola was already included in Statoil’s country-by-country reporting since 2001 despite expressions of disapproval from the government and without official reprimands or backlash for their business (Skedsmo et al 2013: 17). More recently, while the Nazaki-Cobalt case gripped savvy corruption analysts, Statoil was announcing that China Sonangol that had been at the centre of other allegations of corruption (detailed in Chapter 5) was being replaced by two more reputable oil firms. A third incident that needs examining revolves around the FOREX saga that began in 2004.

Ovadia (2012: 411) explicates that the initial plan and preferred option - advocated by a small fraction within the government including BNA’s officials – was to require that “all income from crude oil sales first enter an Angola-based account.” When the government proposed this law in June 2004, at a time when the financial system was extremely weak, it argued that the existing system the system promoted the enclave character of the oil sector through a stimulation of imports and the use of non-Angolan staff, and that it hinders the development of the country’s financial sector (Wiig and Ramalho 2005:

²¹⁶ Interview with Angolan civil servant, Luanda, 13 August 2010.

²¹⁷ Interview with senior business and human rights expert, 7 June 2011.

15). The new rules were therefore designed to boost bank credit to non-oil sectors of the economy and improve the government's monitoring of 'cost oil' (Ovadia 2012: 411; Vines et al 2005: 17-18).²¹⁸ The operators - BP, Total, Chevron and ExxonMobil - then formed a coalition to resist those changes, with at least two reported to have gone directly to the President to warn about the policy's potential repercussions on their business profitability.

As Chapter 4 illustrated, FOREX rules were introduced in spite of these companies' resistance. Ovadia (2012: 411) perceived this as a victory for the government against IOCs with regard to cash call accounts; an illustration of "its power vis-à-vis international capital to promote its own interest". One could argue the opposite, which is that IOCs had a major influence in the final outcome of the process as the now-approved Law is a far less "radical", albeit significant, policy.

The foregoing episodes provide the grounding for systematically looking into both companies' actions and inactions for they demonstrate that in some instances, IOCs have indeed acted individually or collectively to protect their business interests, and sometimes with relative success. By implication, they mean that IOCs do have more leverage than they would publicly admit to having in the country and incidentally, can if willing, contribute positively to improving the governance situation in Angola.

That said, these incidents also raise serious questions as to why one company that decides to disclose oil payments would face threats of reprisal and not another? And what explains the divergences that exist between companies?

Firms' Positioning and the Challenges of 'Offshore CSR'

There are a number of factors that explain or dictate companies' stance on ORT and CSR more generally, some of which already listed above. During the course of this research, participants underscored the importance of home countries' legal culture and leadership - or "the people at the top [who] saw the wisdom of this."²¹⁹ Government ownership of the company and influences of domestic constituencies are two additional

²¹⁸ A senior Angolan diplomat corroborated these points in an interview in London on 6 December 2012.

²¹⁹ Interview with former oil executive, 2 February 2010.

elements that transpired in Statoil's case. One of the company's representatives explained that Statoil had to conform to country-by-country reporting because "the government obliges us to do so."²²⁰ Its disclosure of payments related to its partnership with White Rose and Genel also coincided with growing criticisms at home over its attempts to tame an extended country-by-country disclosure legislation and its increasing prioritisation of profits over risks and ethics in countries such as Angola (*NewsinEnglish.no* 2013; *Klassenkappen* 2013). A fifth factor concerns the positioning of companies in the domestic industry. In Kolstad's (2007) view, responsibilities for governance improvements assigned to oil companies must depend on the relative power of the corporation, for "the more powerful the more extensive the duties." In other words, "a corporation such as Total Oil in Burma, which is a major player in its oil industry, thus has extensive duties to promote human rights in that country" which a minor player would not have.

The last argument was one regularly advanced by Statoil's representatives whenever asked about the gaps between their responses to governance shortcomings in places like Azerbaijan where they are the second largest foreign investor since 1992 and have been an "active promoter of and partner" in the country's EITI implementation process; and those in Angola, where until December 2011, the company was only a minority shareholder in the oil fields and appears to be silent on transparency issues beyond declarations of oil payments made to the government. Indeed, before Statoil won operatorship of blocks 38/11 and 39/11 in Angola, the argument was that "in Angola, we are still on the verge of becoming an operator" and because of that, the company had only a limited role in influencing CSR policies and practices (including those related to transparency) that are usually dependent on the agreements in the joint ventures.²²¹ The idea is that "it is through being an operator that you can have the greater impact depending on the type of agreement."²²²

²²⁰ Informal conversation, London, 17 September 2013.

²²¹ Interviews with company officials, 21 July 2009 and 21 June 2012. It is standard practice, in effect, to have each corporation within a given consortium assume a division of the shares of costs and profits proportional to its interest stake, and have only one corporation, the operator, "make all the shots" regarding the operational management of the project or the settlement of any disputes or problems that may arise (Reed 2009: 23; interview with oil company official, 21 July 2009). Social investments tied to oil operations would generally depend on the company's shares in partner-operated licenses which, in the case of Statoil, only give it limited opportunities to integrate CSR into its business execution (Skedsmo et al 2013: 14).

²²² Interview with oil company official, 21 July 2009.

In the author's view, though legitimate, this argument is oblivion of Statoil's ability and willingness to negotiate with the Angolan government whenever necessary. The fact that details of payments made for blocks 38/11 and 39/11 were released suggests in fact that the publication must have had the approval of Sonangol. Furthermore, one speculates that the identity of the partner that was replaced (CSIH) and that of the new partners (White Rose and Genel), besides reflecting inefficiencies at CSIH, also is illustrative of Statoil's ability to influence who it partners with in the industry. One doubts that Statoil is the sole company to at least have a say on this issue, despite the difficulties highlighted in Chapter 5. A senior counsel at one of the largest IOCs reiterated this point, suggesting that "we can't be required to go into joint venture with a domestic company we don't want to."²²³

These speculations notwithstanding, it is worth pointing out even though the argument above does not apply to Statoil, it still does not explain fully why a company like Exxon that advocates for transparency policies which "respect national sovereignty and local norms and apply to all companies operating in a country"²²⁴, would stay clear of promoting transparency in Angola but become the lead partner and operator in the Chad-Cameroon Oil Pipeline Project, arguably "the most radical case of oil industry, in co-operation with multilateral organisations, infringement on national sovereignty" (Skjærseth et al 2004: 15). Neither does it shed light on the contradictions between BP's alleged multi-million dollar payments to "obscure social payments" in Angola (GW 2012) - despite professing its commitment for, and leading on, transparency in Angola -, and its undertaking of "arguably by far the most wide-ranging attempt by a single company to address governance shortcomings" in Azerbaijan (Frynas 2010: 165).

Perhaps the most fitting explanation to this ethical relativism lies in the local context within which these companies operate. The comparison between BP's CSR practices in Azerbaijan and Angola is particularly insightful. In Azerbaijan, which BP "co-governs" and where it is "synonymous to the British Embassy"²²⁵, it seems that the company's engagement with ORT was nothing but "a tactical response to particular risks":

²²³ Informal conversation, London, 9 September 2014.

²²⁴ See

<http://corporate.exxonmobil.com/en/currentissues/accountability/transparency/overview> [Last accessed on 03 October 2014].

²²⁵ Interview with Western civil society actor, 10 July 2014.

“In Azerbaijan, BP is coming out of a dodgy change of power from one autocrat’s son. There were a lot of concerns about the environmental impact of the pipeline there, and they were legitimising a very difficult government. So, they had a reputational risk that they sought to fix in the context of Azerbaijan. So it tends to be quite specific to the context and Angola is quite difficult.”²²⁶

That Azerbaijan received “a lot more attention” from companies than Angola is also due to the fact that it is an “easier context to get mobilised to do certain things”, and has only a “small club of various companies” operating in the industry and contributing to the Azerbaijani economy.²²⁷ Besides, “transparency and corruption [was] the number one risk” in Azerbaijan, whereas in Angola there have been other presumably more pressing operational issues to address.²²⁸ Crucially, in Azerbaijan, “all our activities are onshore, oil is processed onshore and transported in pipeline”, which creates bigger risks for IOCs operating there than in Angola where the majority of oil operations are located offshore.²²⁹ Expanding on this challenge of developing and implementing what Ackah-Baidoo (2012) termed “offshore CSR”²³⁰ programmes, this interlocutor stated:

“Most companies would relate to their social responsibility in terms of their direct impact on the societies in which they operate. But it is more difficult to make the case when operations are offshore because they have a less direct impact on societies. That is why host governments ask for oil to be processed onshore [...]. The main question is: who are ‘locals’? Several social investments in Angola select particular communities in consultation with several stakeholders, including the government, NGOs, whom we meet on a regular basis. We have done surveys about peoples’ expectations [of the company] in Luanda... [Our] CSR people have regular engagement with key stakeholders again in Luanda [...] But it is much more difficult to have regular arrangements with ‘local communities’ because it is a difficult thing to conceptualise when dealing with offshore operations.”²³¹

The same issue was raised by a former IOC executive whose company divested from Angola. As he conceded, companies would usually consider whether they can operate with the government in the upstream business in a way which is in line with their business principles. The difficulty is that “if you are offshore, then the element about your re-

²²⁶ Interview with Western transparency activist, 7 March 2011.

²²⁷ Interview with oil company executive, 21 July 2009.

²²⁸ Interview with oil company executive, 21 June 2012.

²²⁹ Interview with oil company executive, 21 July 2009.

²³⁰ Ackah-Baidoo (2012: 153) uses the term ‘Offshore CSR’ as a “euphemism for the generally-misguided economic development implemented by so many of the oil consortia operating in the region, the implication being that most of the community development initiatives formulated remain in the enclave—that is, offshore.”

²³¹ Ibid; emphasis added.

lationship with the local communities is somewhat distant because, you know, where are they?”²³²

For Angolans, this argument exemplifies IOCs’ failure to take responsibility for their actions and omissions. The fact is that “companies can’t separate themselves from where they operate; they have a duty of care to the environment and for human rights”²³³, although it is acknowledged that there are “different levels of affected groups.”²³⁴ As such,

“If [companies] want and have political will, they can say our first responsibility lies with those who are primarily affected because their livelihoods are based on natural resources with which we compete; our second responsibility lies with those groups whose livelihoods are extremely affected by oil activities; even if they don’t live in Cabinda or in Soyo, if their activities are affected by oil extraction, it would still be the responsibility of oil companies.”²³⁵

From an IOC perspective, the danger is twofold. There is a risk that these companies might define ‘local communities’ too narrowly and end up serving groups that are less needy, then face accusations from civil society groups of not doing enough or even contributing to fuel the oil-based patronage system that characterises the Angolan setting. Or, it is probable that they define ‘local’ too broadly and henceforth become seen as *de facto* government, and still invite both rising calls to assume more political roles in the societies in which they seek a license to operate, and criticisms that by doing too much, they are enabling financial mismanagement (Ball 2006; see also Mack 2001). The latter option is the one IOCs seem to fear the most in Angola and the former, that which they appear to have adopted, with a few of the consequences that are exposed below.

MITIGATING OR MANUFACTURING SOCIAL RISKS?

After examining several arguments justifying IOCs’ inaction on ORT, it suffices to consider what they actually have done since the end of the civil war to contribute to good energy governance and development in this developing, post-conflict state. There are two opinions on this matter. On the one hand, analysts contend that the GoA’s rejection of EITI and the inaction of corporations on transparency provide an important frame for

²³² Interview, 2 February 2010.

²³³ Interview with Cabindan refugee, Coventry, 5 August 2009.

²³⁴ Interview with senior Angolan NGO representative, Lunda, 4 August 2010.

²³⁵ Ibid; emphasis added.

discussing CSR and governance but regard this inaction as “symptomatic of a more general corporate reluctance to address governance issues.” Governance issues, they assert, are simply not “a priority for oil companies in Angola” (Kolstad and Wiig 2010: 183-84). On the other hand, IOCs affirm that they oppose corruption and in this respect invest a lot of time, money and effort to put in place mechanisms that contribute to better governance and development, or at least ensure that “our operations aren’t making the situation worse.”²³⁶ That is not just in the philanthropic sense, but as Chevron’s head of international affairs insisted, it is “part of our core business.”²³⁷ Mr Beye argued that Chevron is contributing to improve governance and it has done so since the end of the conflict, through its support to peacebuilding efforts and its funding of the decentralisation programme (in partnership with USAID). The project was not linked to the company’s core business but “helped” in Cabinda, and the company is “looking at the same thing in Nigeria.”²³⁸ Ambassador McMullen equally noted that “all major companies have fairly robust CSR”, usually centred on the health and education sectors, particularly English language provision.

Beyond these are other wide-ranging examples. ExxonMobil’s Operations Integrity Management System aimed at managing safety, security, health and environmental risks; its transparent electronic procurement system e-RFX; and IOCs’ dialogues and partnerships with NGOs – such as Transparency International and Amnesty International at the global level, and Development Workshop, ADRA and Norwegian People’s Aid (NPA) at the local level – are just some notable ones. IOCs’ provision of employment and training opportunities and local sourcing are noteworthy too, so is Chevron’s alleged promotion of the FCPA on the ground. Mr Beye claims that the company has created a pamphlet of the FCPA, which the company has translated in Portuguese: “In my dealings in Angola”, he asserts, “wherever I go to a meeting, I will start with these principles that we operate in certain manners...”²³⁹ But Chevron is not the only company appearing to go the extra mile. In a country where private security companies are linked to high-ranking army officials, Statoil gets off-the record information on the ownership of security companies it contracts in an effort to prevent the violation of corruption laws, even if there still is the possibility of it working with companies with unknown owners (Ovadia 2013b: 167). An

²³⁶ Interview with IOC representative, 21 July 2009.

²³⁷ Mamadou Beye, speaking at the US Institute of Peace, 17 October 2013. See http://www.youtube.com/watch?v=Dg3d4I_pgX8 [Last accessed 03 October 2014].

²³⁸ Ibid.

²³⁹ Ibid.

employee stated that the company was fully aware of the risks, “but we are in this country, so what can we do?” (ibid).

Yet a major area of contention is in the ‘Angolanisation’ of the oil industry, IOCs’ employment practices in particular. Several Angolan and non-Angolan observers remarked that progress in this area has not met expectations. Civil society actors point out that in the majority of cases, Angolans are employed “to do cheap labour” whereas “Angolanisation is not just having unskilled labour in the rigs and stuff like that. It is more than that!”²⁴⁰ Corroborating this commonly-held perception is Teka’s (2011) study, which shows that out of the 150 engineers working in the oil machinery manufacturing industry in 2009, only 17 per cent were Angolans. This in itself represents a major achievement considering that four years earlier, no Angolan was in such a position. Moreover, it was similar to the 15 per cent rise in the number of Angolans working at a managerial level between 2004 and 2009. Still, it was far below the 90 per cent record of local staff who occupied basic and mid-skilled level positions.

Respondents were in agreement that this progress was hampered by oil companies’ lack of implementation. One Western researcher observed that:

“There are huge obstacles to overcome in the Angolanisation policy [...] It is the companies that bear the cost and it is companies that have very very well-developed means of evading their obligations. Because when you go and you talk to them, they’ll tell you that the Angolanisation and local content are certainly priorities but when you look at the practice, it is a very different issue. But certainly, companies are working overtime to go round this government’s policy.”²⁴¹

It was suggested that IOCs usually “evaded their obligations” in three ways: (a) by changing the nature of contracts, (b) through training, and (c) by encouraging secrecy around salary details among employees.

Back in August 2010, one engineer told the author that the majority of the Angolan workforce in the French oil service company he worked for had gone on a four-day strike over pay conditions: the company in question had allegedly announced that it would reduce the duration of the contracts held by its Angolan workforce from five years to one year and three months, which the respondent and his colleagues felt would then enable the

²⁴⁰ Interview with Angolan civil society actor, London, 17 September 2013.

²⁴¹ Interview, Luanda, 13 August 2010.

company to avoid paying employment benefits that would otherwise have come with longer employment contracts.²⁴² Another critic viewed this area of local content as one which confirms oil companies' lack of interest in transparency:

“Companies are not transparent and I can give you an example. The government took the decision that oil companies can only hire people that cannot be found here in Angola, meaning when there is no Angolan capability. The fact is that companies are not applying this policy [...]. They are not applying that [...] Even the government decided that whenever Angolans are working with expatriates, they should be earning the same salary. On the contrary, they are putting in place very false contracts and they lie to the government. It is true. All of them are lying!”²⁴³

About one and a half years after this interview, this interlocutor travelled to Dubai where he spent eighteen months on a training programme. Whilst in Dubai, he complained that the training period spent on Dubai was “unnecessary”. This, he professed, was an attempt by the company to “export unemployment” because what it could have done was to increase the salaries of Angolan employees and allocate the same advantages that the expatriate workforce is entitled to. To mislead the government, he added, some companies would transfer the salaries of their expatriate staff in foreign bank accounts and would insist on maintaining secrecy around the differences in salaries. Or again, they would replace Angolan staff with foreign staff on the grounds that the Angolans are not qualified enough.²⁴⁴

The Western scholar substantiated these points. “In the oil sector”, he stated, “the major companies [...] created an environment where no one talks about their salaries or the reason why they are paid different salaries. You made the case that they are actively and consciously breaking Angolan law; this is the way they are doing that”²⁴⁵ Reflecting on his interviews with foreign companies operating in the sector, this respondent also emphasised that training and human capacity was “part of their tactics” to keep expatriates workers in key positions. Brandishing training and human capacity as evidence of their commitment to local content issues was therefore,

“One of the ways that they [companies] avoid Angolanisation decrees, because if they say that they are working towards Angolanisation through training and hu-

²⁴² Interview, Luanda, 08 August 2010.

²⁴³ Interview with Angolan oil service worker and trade unionist, Luanda, 05 August 2010.

²⁴⁴ Ibid.

²⁴⁵ Interview, Luanda, 13 August 2010.

man capacity that is another way of delaying the process. The thing is that companies have an idea, correct or not, that Angolanisation isn't cheaper because you will still need the same number of expats and there are a lot of reasons why they would think that: some are legitimate, others are purely racist. Certainly anyone who works for an oil company, and who has not done so for very long, would think that they are racist."²⁴⁶

It is difficult to know with certainty whether this is an issue of racism or whether this argument can even be generalised. Certainly over the course of this research, the author remarked that American companies (Chevron in particular) have a good reputation among Angolan interviewee – which probably justifies why many stated that they would prefer working for American companies -, while French companies tend to be the laggards in many regards. Where there is unanimity, is on the fact that local content policies implemented by companies do not always have the expected benefits. The Angolan authorities have expressed their dissatisfaction with the pace of progress on local content on numerous occasions. In August 2013, they made public their intention “to crack down on those who have not followed through” (*Petroleum Africa* 2013). Already, reports indicate that Sonangol has been working on a new “comprehensive” local content policy for the oil sector since 2009 (Teka 2011: 48; Ovadia 2012). It would also appear that in the period between 2011 and October 2012, MINPET handed over “heavy” fines to four IOCs ranging from US\$62,000 to US\$200,000.²⁴⁷

From a citizens' perspective, the concern is that IOCs' policies and practices are benefitting the elite instead of those who are the most in need. One justification for this is that most of what they do is channelled through Sonangol. This is the case of IOCs' funds for scholarships. One senior Angolan NGO representative recalled that his organisation signed an agreement with BP in September 2009. The agreement stipulated that the oil company would fund the second phase of a social project undertaken by the NGO but because Sonangol did not approve these projects, “we did not receive money until today”, reiterating that it is in the interests of the companies to respect the position of the GoA.²⁴⁸

Other examples are given elsewhere of Chevron's agreements with companies that are essentially “paper pushers” as opposed to “individuals with real experience and know-

²⁴⁶ Ibid.

²⁴⁷ Interview with Angolan legal expert, 5 October 2012.

²⁴⁸ Interview, Luanda, 4 August 2010.

how to enter the oil services sector” (Ovadia 2013b: 15), or IOCs’ recruitment of “sons and daughters or political supporters of the current regime” (Kolstad and Wiig 2010: 186). Researchers argue that this “misrepresentation” of local employment or sourcing as responsible behaviour has several counter-intuitive implications (Kolstad and Wiig 2010: 186; Ovadia 2012, 2013a, 2013b). They posit that external pressures for multinational companies to behave responsibly rather than “doing good” are facilitating patronage; and that the resulting “dual” character of this practice, in turn, is impacting negatively on democratic accountability and development. It resorts, on the other hand, that non-Western multinationals such as Chinese companies that face fewer demands to behave responsibly might actually do less harm and promote development more because they tend to have very few inputs locally, than Western companies employing more local staff (Kolstad and Wiig 2010: 186). Whilst not visible as of yet, it is that these practices pose clear risks to the Angolan economy, society, and the sustainability of IOCs’ investments.

CHAPTER 8

GCS AND THE CAMPAIGN FOR GREATER ORT IN ANGOLA: A FORCE FOR GOOD?

“Like many liberal ideas that came before it, transparency presents itself as a universal good that is nonetheless inherently exclusive, and it is people who live inside this contradiction, both embraced and repelled by universal promises, that have the most to tell us about what the phenomenon entails”

Hetherington (2013: 2).

One of the key features of globalization has been the development and growth of global civil society (GCS)²⁴⁹. Depending on who you talk to, GCS is either an instrument for global capitalist elites competing in their attempts to “colonise actual and potential spaces of popular participation”, or it is inherently ethical and progressive, and a “forceful and promising response” to the democratic deficit that characterises the process of globalization (Löfgren and Thörn 2007: 5-13). These differing views notwithstanding, there is little disagreement over the sheer influence that this set of non-state actors has acquired over the years. Touted as the “third force in global politics” (Florini and Simmons 2000: 7), GCS has sought to change “not just the interests and identities (and thus practices) of actors but also the environments within which those actors operate – that is, the structures of power and meaning” (Price 2003: 613-14). In the extractive industries where it continues to push for improved governance, GCS succeeded in shaping the development of revenue transparency, from a simple idea first promoted by campaigners in the late 1990s, to arguably the most substantive policy response to governance challenges facing resource-rich countries in the global South. Indeed, it is GCS actors, individually or under the umbrella of the PWYP coalition, who have led the charge for transparency whether through MSIs such as EITI or through legislative acts like the Dodd-Frank Act and the EU Rules.

PWYP itself has grown, and its scope expanded. Launched in 2002 by just 6 London-based INGOs and with a primary focus on the transparent and accountable

²⁴⁹ In this chapter, the term ‘global civil society’ entails the sum total of INGOs, transnational advocacy networks, media and think tanks.

management of revenues from the oil, gas and mining industries, the global coalition now counts over 650 CSOs, and emphasises such issues as revenues, contracts and budget transparency²⁵⁰. But while it is indisputable that this and other GCS actors played an instrumental role in setting and shaping the EI transparency agenda globally, there remains very little discussion and factual evidence on its input in developing country contexts where, arguably, these issues matter the most. How do GCS interact with other state and non-state actors to promote EI transparency at the national, and potentially subnational, level? How effective are these interventions? In other words to what extent do they further - or to borrow from Gupta and Mason (2014: 1-9), “inform, empower and improve” – or constrain resource governance? These are questions that are oftentimes left implicit in policy and scholarly debates about natural resource governance, yet are crucial for understanding how to consolidate recent gains on EI governance. This omission is compounded, among other things, by an inordinate focus on EITI, a general bias towards successful experiences by sympathetic academics, and a lack of self-criticism within parts of GCS.

This chapter is an attempt to remedy this oversight, by critically reflecting on GCS’s promotion of ORT in Angola. Specifically, it explores why, after successfully using war-torn Angola to put this novel policy idea onto the international agenda, GCS became less effective at influencing public debates and policies in the postwar period. The chapter suggests that GCS has faced a number of context-specific challenges in its engagement with the transparency agenda in postwar Angola. Among other things, one notes the nature, positioning and restrictive practices of the Angolan state; the nature and capacity of the Angolan civil society; and the peculiar character of the Angolan oil industry as an “enclave” (Ferguson 2005; Hodges 2004: 150-51) with only minimal linkages to the rest of the economy and society. Beyond external factors, however, there is a clear indication that GCS’s own agenda and internal contradictions mediated the effects of its interventions. That includes its alienation of local interests and grievances, which together with a whole range of other issues, is widely perceived in Angola to reflect a lack of commitment and genuine interest in the country and its people.

²⁵⁰ (http://publishwhatyoupay.org/sites/publishwhatyoupay.org/files/Chainforchange_1.pdf<http://>, accessed 27 Jan. 2015).

In turn, the aforementioned limitations led to a set of paradoxical outcomes. Indeed, one observes the emergence of partial transparency that is steered and shaped by the Angolan government, with no involvement from local civil society and worse still, no meaning or utility to the ordinary Angolan citizen. What is more, the inability of GCS to sustain the international community's attention on Angola, and mobilise domestic constituencies willing and capable of supporting the campaign on the ground, has enabled multinational oil companies to get away with doing very little on revenue transparency while they themselves stand accused of aiding and abetting a culture of corruption in the oil industry. Perhaps the most significant consequences of GCS failings in postwar Angola have to do, on the one part, with the disengagement from the policy by hitherto motivated civil society groups, and on the other, with the rise of 'new' actors seeking to redefine and "localise" (Acharya 2014; Wilson and Van Alstine 2014) the transparency agenda so as to render it more relevant to the domestic context, hence, more appealing to domestic audiences (see Chapter 10 on the contribution of the Angolan civil society).

These findings raise important questions about the roles and desirability of civil society involvement in the promotion of EI governance in the global South; issues that are tackled in the concluding chapter. Following is a brief mapping of key GCS actors involved in the promotion of EI transparency in Angola, as well as their motives and strategies in Angola, and a discussion of the difficulties GCS encountered in the postwar period running from 2005 onwards.

RAISING AWARENESS AND LEVERAGING POLITICS

Any assessment of GCS and its advocacy campaign for greater ORT must begin with an acknowledgement of what it achieved, how, and to what effects²⁵¹. Indeed, GCS can be credited with ongoing shifts in the discourse, attitudes and mentalities towards extractive industry governance and transparency in Angola and beyond. "Yesterday, nobody could speak about oil. Today, one can publicly speak about oil." This is how one leading Congolese activist summed up the tremendous transformation that has occurred in

²⁵¹ As noted briefly in Chapter 2, there is a broader debate over the causal chain between interventions aimed at promoting transparency, and many of the outcomes often associated with these. For the sake of simplicity, the direct or indirect outcomes linked to GCS's campaign herein reflect views expressed by research participants as well as a number of analysts.

Africa since the early 2000s. Like Angola, his country - the Republic of Congo - has been linked to the resource curse. Nowadays however, over a decade after the launch of the PWYP in his country, there is an incredible amount of information publicly available on the oil industry. This “democratisation of information”, he contends, is now leading to more accountability from the government and to an increased exercise of freedom of expression that “reminds us of the appropriation of this topic by a great number”²⁵².

In Angola too, the input of GCS to the uptake of the oil revenue transparency agenda is undeniable. Except that one discerns two types of GCS organisations with distinct albeit complementary approaches. There are key INGOs such as GW and HRW whose work on oil revenue transparency appears to have been targeted primarily at the government, under similar motives. Founded in 1993 as an international campaign group dedicated to “breaking the links between natural resources, conflicts and corruption” (GW 2007), GW began working on the role of diamonds in the civil war before turning its attention to oil – a shift prompted primarily by the realisation that “if you needed to understand the role of natural resources in the [Angolan] war, you had to look at oil”²⁵³. Besides, this was a period of great interest in the Gulf of Guinea, with substantial oil revenue accruing to various governments, and it was “hard to find an example of a country that has misused its oil revenues to such a great extent”²⁵⁴. Another informant suggested that the decision by HRW to “start scrutinising how the government uses its oil money” in the late 1990s arose out of a concern that the Angolan government was using the civil war, as well as the alleged lack of financial resources to address human rights abuses, as an excuse to avoid changing its conduct²⁵⁵. In both cases, therefore, the global and national context provided significant impetus for these organisations’ involvement in the campaign.

On the other hand still, there are other INGOs and networks that aimed to work directly with local CSOs on the issue of oil revenue transparency, although their work may have had some influence on the government’s attitude and policy. Among these is PWYP, which held a series of conferences from which emerged an ad hoc PWYP/EITI network in Angola that, regrettably, never fully materialised into a fully-fledged national coalition for reasons that will become clearer shortly. OSISA–Angola, the local chapter of Open

²⁵² Interview, August 2012.

²⁵³ Interview with a Western transparency activist, March 2011; emphasis added.

²⁵⁴ Ibid.

²⁵⁵ Interview with a Western INGO official, June 2011.

Society Foundations (OSF), is another prominent INGO working on this field. Established in Angola in 1998 to “build Angolan society, build democratic institutions and work with its citizens” OSISA-Angola runs various programmes on extractive industry transparency, good governance, human rights, education, gender – programmes that are about “empowering civil society”²⁵⁶.

Others, such as Norwegian Church Aid, Catholic Relief Services (CRS) and CIDSE - a coalition of 16 Catholic development agencies – tried to advance the “moral case” (Van Parham and Oranje 2009: 36) for ORT in Angola. In actual fact, these faith-based organisations were instrumental in stimulating the interest of Angolan Catholic Bishops in transparency issues (Croese et al 2011). One Angolan Catholic Priest opined for instance that staff employed by the CRS-CIDSE funded Episcopal Commission of Justice and Peace (CJP) were “very active in this area” and “helped a lot to raise this question” of ORT²⁵⁷. Their work inspired the Catholic Church to make an appeal for the government to join EITI in 2006, an act that it presumably saw as “important to continue improving the levels of transparency in the country” (Amundsen and Abreu 2006: 30).

As a whole, directly or indirectly through multilateral organisations or Western governments, GCS and its advocacy campaign for increased revenue transparency in the oil sector succeeded in forcing the Angolan government to be more transparent. The government’s decision to participate in the IMF General Data Dissemination System in 2004 (ibid: 12) and start making available oil sector data on the Ministry of Finance’s website are widely associated with this campaign. Crucially, as well as helping to expand the public sphere in Angola, the campaign became an “eye-opener” for local CSOs as far as the good governance and transparency agendas are concerned²⁵⁸. One African INGO representative felt that the campaign had impacted on the way Angolan CSOs “look at themselves”, clarifying that:

“In the past, we were just giving food, making sure that people are fed, [...] that schools get going [...] that the children are immunised, [...] that we do this or that, which was the work of the government. But right now, CSOs are redefining themselves. They are getting in line with our political agenda: to change government policy, engage government in discussion...”²⁵⁹

²⁵⁶ Interview with an Angolan INGO official, December 2011.

²⁵⁷ Interview, July 2012.

²⁵⁸ Interviews with an Angolan human rights activist, August 2010.

²⁵⁹ Interview, August 2010.

Still, noteworthy are differences in the input of the abovementioned organisations. For instance, it is striking that while collectively they accelerated the embrace of ORT by the government and CSOs, some INGOs' interventions subsequently became somewhat more sporadic and insignificant than others. The position of GW - the "lead entrepreneur" (Gillies 2010: 109) - is illustrative of this. Whereas its first report (GW 1999) highlighting the complicity of the global oil and banking industries in alleged state looting during the civil war provoked a livid reaction in Angola (Shaxson 2007: 212-23), its second major report on Angola - co-published some twelve years later with OSISA-Angola (OSISA and GW 2011) - went almost unnoticed. It is even suggested that it had a negligible impact on the debate on transparency in Angola. "This is nothing new, what Global Witness is reporting", one senior INGO official stated, adding on the main question of oil data discrepancies underscored in the report, that: "it is a problem that has been going back several years and [...] I am not sure whether they are saying that money was lost or whether they just considered the discrepancies"²⁶⁰. In contrast, HRW has tended to produce reports on Angola on a regular basis, and its reports would "really influence how Western governments, the IMF and even the Angolan government think about these issues"²⁶¹. This was reflected again three years ago, when it led demands for explanations on the US\$32 billion accounting gap that the IMF discovered in Angola's public accounts in the period running from 2007-2010 (HRW 2012). This pressure resulted in both the Angolan government and the IMF providing details on the so-called 'missing' billion, although these proved to be unsatisfactory (HRW et al 2012).

These differences notwithstanding, there is a consensus that the campaign fell short of its potential in Angola. One insider admitted that it had "less impact in keeping them [the Angolan government] accountable"²⁶²; while others have expressed their frustrations at the absence of a TI chapter (Amundsen and Abreu 2006: 25) or a national PWYP coalition despite Angola being the trigger for the coalition and a "strong candidate" for having such a platform²⁶³. As will be demonstrated subsequently, these limitations have to do with context-specific factors as well as with GCS's inherent character and weaknesses.

²⁶⁰ Interview, June 2011.

²⁶¹ Ibid.

²⁶² Interview with a Western INGO official, June 2011; emphasis added.

²⁶³ Interview with a Western extractive industry analyst, September 2012.

CHALLENGES TO GCS'S PROMOTION OF ORT IN POSTWAR ANGOLA

Civil society actors interviewed for this research project highlighted several factors making Angola a difficult context in which to operate and get change happen, including the operating environment, oil's materiality, GCS's agenda and legitimacy shortcomings. These issues are treated in turn below.

The Operating Environment

In seeking to justify the status of Angola as a “special case when it comes to transparency”, one interlocutor stated that this has to do with a lot of aspects:

“It has to do with the centralised nature of the country or how things are controlled in Angola; it has to do with the political environment, with the difficulty in accessing information. I think you see that in other African countries but the intensity here is greater.”²⁶⁴

Another respondent involved in steering the ORT agenda locally underscored Angola's history as well as low levels of civil society capacity. As he explained,

“The capacity of civil society organisations in Angola is very low and I think you can say that without insulting anyone. Comparatively speaking to any other African country, I have not been to any other country where the capacity is so low, and I think that there are a lot of things that explain that. It's obviously the history of the war; the fact that it is now so strongly dominated by one political party, really depends on the oil and not on the international community [...]. It is a challenge being an international organisation; it is difficult to find strong organisations that you could support.”²⁶⁵

The fact that this period (post-2002) coincided with diminished worldwide attention on Angola, the drastic reduction of programmes targeting Angola, the return of China to Angola and the oil boom, also contributed to create an environment where international actors were either unable or unwilling to dedicate resources to Angola. This includes GCS organisations with a focus on transparency, democratic participation and human rights. In fact, among all INGOs with an interest on ORT, only HRW retained a dedicated Angola researcher, it seems at least up until mid-2013. Among other two leading INGOs the author communicated with, one employed an Angola researcher until 2007 and the other INGO responded that Angola was not a target state. These difficulties were compounded by visa restrictions, language barriers, and the image of Angola as a rich

²⁶⁴ Interview with Angolan consultant, Luanda, 10 August 2010.

²⁶⁵ Interview, 12 September 2012.

country - one that “has got US\$40 billion-dollar budget and does not therefore need money anymore for grassroots support.”²⁶⁶

It should be pointed out that the difficulties experienced in the operating environment are not just affecting INGOs working on extractive industries governance. To illustrate, one US-based INGO instrumental to the ongoing process of democratisation was due to close its Angola offices in May 2013 due to lack of funding.²⁶⁷ These changes are part of a trend that sees governments in the developing world restrict civil society space using tools such as heavy-handed investigations, restrictive laws and regulations, or blocking receipt of foreign cash. This comprises many EITI-implementing countries that are held as exemplary for their openness of extractive industries, including Azerbaijan and Nigeria (*The Economist* 2014).

To questions of donor fatigue, geopolitical shifts and lack of funding are added government mistrust and attitudes towards Western GCS organisations and individuals. Angola’s Minister for International Cooperation spoke of Angola’s recognition of the importance of INGOs as important partners “especially in the social sector.”²⁶⁸ Yet in practice, INGOs and other GCS representatives are frequently harassed by the government. In 2010, HRW Angola researcher Lisa Rimli reported a government’s “campaign of attacks” on journalists ahead of the African Cup of Nations in January²⁶⁹. Rimli herself was detained for about an hour by a local police force in early February 2013 as she investigated mass evictions and alleged police violence on street vendors in the Cacuaco municipality of Luanda. She complained of being treated like “a dangerous criminal”, and alleged that the security agents rebuked her for not declaring her intention of visiting the site in advance (quoted in Mukuta 2013). Before Rimli, it was the turn of GW’s researcher Sarah Wykes to be arrested and incarcerated by police in Cabinda in February 2007, before being released on bail three days later and eventually cleared of any wrongdoing. In sum, such are the challenges of operating in Angola that many INGOs “don’t want to take the risks to criticise or call for more transparency because they can be expelled. You see that it is a sensitive question.”²⁷⁰ Hence, to return to the debate introduced in Chapter 4, it is self-censorship - rather than lack of

²⁶⁶ Interview with African INGO representative, Luanda, 10 August 2010.

²⁶⁷ Interview with Western senior INGO representative via Skype, 20 February 2013.

²⁶⁸ Hon. Angela Bragança, Speaking at Chatham House, London, 13 June 2014.

²⁶⁹ Speaking in an interview with Voice of America, 10 January 2010.

²⁷⁰ Interview with Angolan CSO activist, Luanda, 05 August 2010.

knowledge about the sources of the budget – that renders about the links between oil and the budget an unpopular topic, though this has changed since the author's visit in August 2010.

The previously-cited informant claims to be the first and last transparency officer at one of these organisations, adding that “to those colleagues I speak with [...] people need other projects first, then transparency”. But it is unclear whether the difficulty stems from the topic of transparency or from the fact that this transparency is targeted at the oil sector. The author actually found evidence that suggests that it might be more about the latter, that is, about the fact that oil remains a taboo in Angola and questioning how it is governed is equivalent to being confrontational. This argument is expanded in the following sub-section.

ORT and Oil's Materiality

Chapter 3 described how the geographic and economic enclave character of oil extraction helped the industry remain aloof from decades of violence that wrought the country's infrastructure and people. Chapter 7 underscored the ways and extent to which the geographical location of the sector's operations mediated IOCs' engagement with ORT in Angola, as compared to Azerbaijan where IOCs like BP and Statoil took a more proactive stance on the policy. This chapter returns to this topic in view of its relevance as a factor affecting the resonance of ORT and constraining the effectiveness of GCS's promotion of ORT. In order to fully appreciate this dynamic, it is important to set the context.

One interlocutor spoke of the existence of two Angola: “the oil Angola and the other Angola”²⁷¹, and it is not difficult to understand why. The oil sector benefits and serves only a small proportion of citizens. It has a very limited impact on Angola's energy security and its citizens' livelihoods. In fact, despite being a major producer of crude oil, Angola exports most of its oil to overseas markets. At home meanwhile, the supply of fuel from the only domestic refinery (of some 39,000 bpd) covers only 30 per cent of domestic demand (Almeida 2010). This left an estimated 74 per cent of Angolans without electricity access in 2008 (UNDP and WHO 2009), and many of the 70.2 per cent of Angolans surviving on just US\$2 a day unable to afford diesel generators (Alkire

²⁷¹ Interview with senior Angolan NGO representative, Luanda, 4 August 2010.

and Santos 2010)²⁷². Angola's 10 billion liquefied natural gas plant has experienced halts since production started in June 2013 after an 18-month delay caused by several fires and accidents (Gismatullin and Patel 2014). But even before it ran into trouble, it was not set to completely satisfy the country's needs as it was mostly destined for commercialisation rather than for local consumption.

Worse still, the sector only employs well below 1 per cent of the 19 million Angolans that are estimated to live in the country (Vines and Weimer 2011: 3 citing United Nations Population Division)²⁷³, while government fuel subsidies continue to be the mainstay of wealthy Angolans. One informant illustrated this point when he declared that "the government spends a lot of money subsidising oil for cars and so on, but most poor people don't use cars"²⁷⁴. This reflects a common criticism that the centrally planned and executed energy policy often disregards the needs of the majority who in turn are not stimulated to pay their taxes. These circumstances led to a detachment between oil, the government and society, to the extent that "people in the interior or the rural zones do not link their livelihoods systems with the government's investment" and consider that "the money from oil is the government's money; it is not our money."²⁷⁵ This is compounded by the fact that;

"[...] there are no inroads or very few inroads for civil society organisations to work on things like oil because that is big politics. Not even members of parliaments have much of a chance of influencing these things because it is of such vital importance to power in Angola, to control of the system, that sometimes you really wonder if it is worth at all to work on it."²⁷⁶

That said, oil's "magic" (Weszkalnys 2013) does not explain everything. Indeed while it is undeniable that domestic and international conditions as well as Angola's rising geostrategic importance affected the diffusion processes and outcomes, it is now clear that GCS's positioning and lack of legitimacy played a significant role in taming the effects of

²⁷² Alkire and colleagues estimate that 60 per cent of Angolans do not have access to cooking fuel, and the situation appears to be worse in rural areas where up to 80 per cent are deprived of cooking fuel, compared to urban areas where just about half the population is said to suffer from (cooking) fuel poverty.

²⁷³ That is in spite of the six fold increase of the number of people employed in the sector since 2001, from 10,500 workers in 2001 to 64,677 in 2009 (Hodges 2004: 150; MINPET 2010: 85; Tordo and Anouti 2013).

²⁷⁴ Interview, Luanda, 4 August 2010.

²⁷⁵ Ibid.

²⁷⁶ Interview with Western extractives sector consultant, 12 September 2012.

its efforts on ORT in Angola. This in itself is not a novel finding. The consensus view is that GCS's legitimacy plays a great role in determining why and under what conditions specific INGOs are more or less likely to affect global political processes and outcomes (Guttermann 2012; *The Broker* 2012; Peters et al 2009; Lord 2004). As Peters et al (2009: 498) argued,

“The impact of non-state actors on inter-governmental standard-setting processes and also their capacity to produce autonomous standards and to engage in co-regulation with governments, seems to depend on factors such as reputation, flexibility, receptivity to alternative perspectives, representativity and reliability – in short, factors which simultaneously contribute to their legitimacy.”

The term ‘legitimacy’ carries three main interpretations (Guttermann 2012: 3). Normatively, it denotes the moral and ethical basis of the actors’ behaviours or aims; sociologically, it refers to the acceptance of the actors by its audiences and constituencies; politically, it concerns the acceptance and justification of shared rule within governance and authority relationships. The accent in this chapter is on the first two elements.

GCS’s Agenda and Contested Legitimacy in Postwar Angola

If INGOs began their lives as “the self-appointed spokespersons of the poor in the South” as Evert-Jan Quak of *The Broker* puts it, nowadays, “they are no longer accepted unquestioningly” (Quak 2012: 14). In the ORT field, this shift owes very much to the characteristics that the “ORT industry” shares with the aid industry as defined by Dambisa Moyo and others. Moyo (2009) described the aid industry as a “self-perpetuating industry”, one in which the main actors involved – celebrities, academics, the NGO community and policy-makers - have a “vested interest to see the continual cycle of Africa in despair so that they can justify their existence.” Another scholar viewed it as an inherently “aristocratic” grouping - an exclusive and selective club in which leaders and even junior officers of the most well-known organisations know one another (Fioramonti 2007: 139). The domiciliation of ORT’s most vocal advocates in Western capitals, their predominantly elitist practices, and the extremely close links that exist between and among them, Western governments and multilateral agencies partly justify this critique²⁷⁷. These links presumably give these organisations a great

²⁷⁷ Note as an example that Clare Short - EITI’s chairperson, is a former UK government minister; while Daniel Kaufman, current president of NRGI, is a previously held positions at the World Bank.

advantage when it comes to accessing finance and collaborators. Yet, they also feed recurrent criticisms that these organisations have become “too close to the powerful and too far from the powerless” (Hulme and Edwards 1997: 275); and that transparency is a Western agenda set up and driven by the West in order to protect and advance Western interests.

In Angola in addition, one concern relates to the adequacy and usefulness of what one civil society representative referred to as “the PWYP agenda” for Angola. This respondent identifies two major challenges with this approach. One that has to do with PWYP’s interpretation of transparency, in particular, its lack of appreciation of the different faces of transparency, which he says are not only about “providing the information”, but also “a question of how we spend this money”, “where you spend the money and how you spend the money”, and “let’s discuss or explain to us why you spent money in this direction.”²⁷⁸ In short, these are dimensions the informant felt are necessary conditions for the effective diffusion of transparency but regrettably were left unaddressed by the coalition. In support of this broad interpretation of transparency was the assertion that:

“To be transparent is to be clear about what you are doing and bring issues on the table. It means that whatever programme you have should be known by the stakeholders, should be approved and monitored by the stakeholders, and be evaluated, in other words, they have the right to say these things didn’t go well, these things went well.”²⁷⁹

The second point this and other interlocutors underscored was PWYP’s apparent lack of concern for the answerability dimension of accountability and the “justice deficit” (Lammers 2012: 10) in global political processes. He stated:

“You know that the Angolan government does negotiate badly the oil. PWYP could also ask companies why they pay such low amount to our government. As a citizen, can I go to the office of any of these oil companies and ask to see their CSR report? That does not make sense. I think that the availability of the information is different from the access to information, different from the credibility of the information or from the timeliness of the information. Even if you have the report in London, you can send it to me in minutes if I ask for them. But how many Angolans are aware of that? Is that information adequate for me? We also need to develop the conceptualisation about the information: if you send me a report, can I ask questions? Where can I send my queries?”²⁸⁰

²⁷⁸ Interview with a senior Angolan CSO actor, Luanda, 4 August 2010.

²⁷⁹ Interview with African INGO official, Luanda, 10 August 2010.

²⁸⁰ Ibid.

This last point may seem trivial, but to reveal the extent of the difficulty, in her interviews with three representatives of one European IOC, the author repeatedly asked whether key stakeholder communication documents such as CSR or sustainability reports were distributed and readily available in Portuguese in Angola but was told that they are not. This fact raises serious questions about the expected audience of the data produced, and more broadly, about the *real* - as opposed to *intended* - beneficiaries of extractive industries transparency.

On the subject of justice, it is interesting to note that when asked by the author what the oil data disclosed on MINFIN's website actually say, many informants' emphasis was on what the data may reveal about the government's "take" or share of revenues. "Through these [data]" one Angolan source stated,

"We can see what oil companies' contribution has been and we can see whether the companies are paying the government enough for the resources they are extracting. You can see that the companies are not yet paying the government because they are recovering all the expenses they incurred from the oil extraction. So now, you can see whether those companies have started paying."²⁸¹

This detail shows the participant's level of engagement and interest in matters related to the extractive industries in Angola. Importantly, it also underlines a certain alignment between citizens' and the GoA's interests.

More broadly, the foregoing issues speak to PWYP's neglect of local issues. As one of the previously cited informants declared, "PWYP must become a national demand rather than an international demand." Before encouraging transparency, he contested, "we need to create public awareness and tell the people that our economy is based on oil". This conversation did not take place in Angola leading to the PWYP's agenda becoming "a demand of an elite and not a demand by the people" who want answers to specific questions such as: "why are schools or hospitals not there?" In his view, focusing on such matters could be "a good link between the international PWYP agenda and the national one."²⁸²

²⁸¹ Interview with Angolan CSO activist, Luanda, 3 August 2010.

²⁸² Interview with senior Angolan CSO actor, Luanda, 4 August 2010.

To get a better understanding of this point about contradiction between global narratives and local realities, it pays to look broadly into the reasons behind some INGOs' successes in Angola - as defined by their ability to positively impact governance discourse and practices – as compared to PWYP's shortcomings. Among other things, it would appear that INGOs' standing and historical relations with the government matters, so does the content of INGOs' work. To be more specific, INGOs whose work emphasise service delivery and community development – as opposed to PWYP's singular focus on the technical and complex issue that is ORT - are generally more successful at creating a long-lasting impact on state-society relations, than those with a clear-cut political agenda emphasising natural resources. The relative success of the budget transparency work led by the Catholic organisations listed above lends credence to these theories, as it can be linked to the credibility of the Church as the most trusted institution in Angola - ahead of the media and parliament (Jensen and Pestana 2010: 1 citing BBC 2008) – as well as to its historical links with the country. Presumably, this puts international (Christian) faith-based organisations in a much better situation than 'ordinary' ones, since "it is much easier to close down an international NGO than a national NGO" since "you cannot shut down the church."²⁸³

At the other end of the spectrum are Development Workshop (DW) Angola – the oldest INGO in the country - and the Norwegian People's Aid (NPA), two non-faith based organisations which have shown a long-standing commitment to Angola. They first began operating in the country in 1980 and 1989 respectively, in the midst of the civil war, and managed to build their credibility and legitimacy over time. Further, their countries of origin – Canada and Norway – have historically had a relatively neutral and friendlier relation with the Angolan government. The two INGOs have been instrumental to the visibly improved ability of local civil society and citizens' groups to influence public policy in such sectors as land reform, poverty reduction, access to water, sanitation and better housing, human rights, transparency and local governance.²⁸⁴ Attempts by DW Angola and colleagues from the Luanda Urban Poverty Programme (LUPP)²⁸⁵ at improving service delivery and participatory governance are revealing of the process of change in Angola. So is the engagement of the CISDE coalition and NPA in helping

²⁸³ Interview with Western extractives sector consultant, 12 September 2012bid.

²⁸⁴ Interview with a senior African INGO representative, Luanda, 10 August 2010; and interview with an Angolan Dominican Priest, London, 22 July 2011.

²⁸⁵ Besides DW Angola, LUPP's coalition members included Care International, Save the Children UK and One World Action.

build and sustain civil society's interest in budget transparency and participatory governance.

These initiatives will be explored again in Chapter 10. In addition to proving that alternative programmes and approaches can be more efficient at driving systemic change in Angola, the reason for showcasing the lessons emerging from these two non-ORT initiatives, are to draw attention to the main differences between homegrown initiatives that emphasise bottom-up approaches and current externally-imposed governance reform initiatives which favour top-down strategies. In Angola, while the success of the first category was facilitated by the creativity and receptivity of local political actors, the second became a source of conflicts not just between local and international CSOs actors but also, as shown below, among various local actors, up to the point of leading to the abandon of the initial reform agenda at the grounds level.

At the centre of these tensions is OSISA, an institution involved in setting up a PWYP coalition in Angola in collaboration with CRTC. The expectation shared by many domestic and external civil society actors at the time was that with OSISA being an INGO, it would act as a funding agency rather than an implementation organisation to avoid the challenges that this strategy would generate, including the sustainability of projects. The view of a couple of research participants is that by presenting itself as a “national” organisation and acting as an implementing organisation, OSISA effectively internalised functions that were expected to be distributed across other organizations, by this means “franchising” OSF’s brand instead of supporting authentic expressions of indigenous civil society, and “crowding out” national participation in knowledge creation and advocacy in order to increase its own voice and profile, as if they were the “only people with anything useful to say” about ORT in Angola (cf. Edwards 2005). Consequently, although it lacked vision at first, OSISA subsequently created frictions by imposing an agenda which national NGOs were not directly interested in presumably because of its ulterior motive to see the emerging national coalition close down in order to dominate the domestic ORT setting. As one Angolan critic described it, “it is as if there was a competition: to justify my action, I remove you from the way in order to remain...”²⁸⁶

²⁸⁶ Interview with civil servant and CRTC insider, Luanda, 13 August 2010.

One of OSISA's representatives to whom the author put these comments did confirm trying a couple of times to make it viable for Angolan civil society to be part of PWYP but without much success. The absence of "viable and sustainable sources of funding" made this outcome hard to achieve, especially in an environment where work on such sensitive issues as transparency is "very dangerous in terms of security, financially [...]"²⁸⁷ This source also categorically refuted the accusations made above about OSISA's identity and actions:

"That's not true! That's a big lie! They don't understand Open Society's philosophy of work. We are both a funder and an implementer, and given the fact that 99.99 per cent of our staff are Angolans, that gives us authority to implement projects. Just because we have a name that connects us to people in New York that are foreign nationals? No! The problem is that we came to realise that we are funding a national team that [...] doesn't have national competition; they don't have any work. And that became a real problem because we didn't have real organisations that are working on these issues. People were doing different things and then, when we wanted to explain to them the drive, they didn't want to listen. They wanted us to build a coalition, to build a structure that we could sustain and our position was that: 'No, the structure has to be sustained by the work of member organisations. So, we want to know what each one of you is doing and responsible of doing to support this coalition.' People are just looking for money and they could not give us content of what they should be doing."²⁸⁸

For one Angolan activist, the position of George Soros as OSF's founder and chairman, and a previous holder of Cobalt's shares²⁸⁹ weakens and compromises OSISA's legitimacy and authority in this field, not least because of previous investigations into Cobalt's alleged breach of U.S. anti-corruption laws in Angola.

There are other instances calling into question the moral grounding and motives of Western campaigners. Another is that of *Forbes'* apparent double standard. The New York-based media outlet has been running a story on Isabel Dos Santos' wealth, which has sparked outcry in some international quarters due to its inconsistencies, inaccuracies and questionable interest in the story about the daughter of a "monarch

²⁸⁷ Interview, London, 17 September 2013.

²⁸⁸ Ibid.

²⁸⁹ Soros is reported to have shares worth approximately US\$81.1 million through Soros Fund Management (Marques 2010: 20). Note that Rafael Marques' article is the only one to have brought out links between the controversial billionaire and Cobalt. Ironically, this information is omitted in all the articles published by the *Financial Times* or Global Witness on Cobalt's dealings in Angola and U.S. probe on this matter. Even more interesting is OSF's snub at the story, in comparison to, say, its extensive coverage of recent revelations of the Russia-Angolan debt deal.

whose family and inner circle run the country like their personal ATM” (Redvers 2013). All the more so considering that *Forbes* itself “chooses to exclude from our list of the World’s Billionaires wealth that comes by virtue of royal position” (see Nolan 2013). Reflecting the general discomfort at “the outpouring of love for this story”, one observer remarked:

“What’s clear is that the image of a rich, black, beautiful, woman billionaire from a once war-torn country where they speak a strange language (i.e. not English) struck a chord with news editors – especially seeing as it comes with a *Forbes* stamp of accuracy [...] It saddens me that so much energy (and internet bandwidth) is dedicated to this piffle, at the cost of real African stories” (Redvers 2013).

The story apparently provoked a good reaction from the global and domestic public.²⁹⁰ Paradoxically, *Forbes* announced in December 2013 that it would launch a Portuguese Africa edition in April 2014, in partnership with ZAP Publishing (Forbes 2013), an Angolan company in which Isabel Dos Santos reportedly controls through her 70 per cent shareholding (Simbovala 2013). One social media commentator opined that “she couldn’t beat them so she joined them”²⁹¹; another interpreted this as a sign that “money speaks every language”.

Whereas *Forbes*’ interest in a national public figure got it into trouble, it is the *Financial Times* seeming lack of interest in the domestic context that attracted criticisms of its reporting of Cobalt’s Angolan interests. Rafael Marques de Morais, who first covered this story, pointed the finger at its negligence of the country’s relevant legislation and its acquiescence of Manuel Vicente’s version at face value, “as do so many academics and the IMF who offer their expertise on such matters” (Marques 2012). Moorman (2012) too is cynical about the *Financial Times*’s real underlying motive. According to her,

“The FT cares because one of Cobalt’s backers is Goldman Sachs. Angola matters little to them. Angola matters only insofar as it rattles Wall Street. Life there matters only insofar as it touches on life, or rather, the bottom line, the U.S.”

Foreign media treatment of the youth protest movement suffers from similar bias. To give but one example, a foreign journalist spoke about the Angolan rapper Luaty

²⁹⁰ By May 2014, the story had generated about 395,000 online views. It was a finalist for a Loeb Award, the most prestigious award for business and financial reporting.

²⁹¹ See <https://www.facebook.com/maka.angola/posts/254303794733896> [Last accessed on 6 January 2014].

Beirão's "exasperation" at foreign (Dutch, French and Portuguese) media's obsession with him - presumably because he is white and "foreign journalists felt connected to him" as a result.²⁹² The activist seemed appalled at this, particularly given the sense of racial identity politics prevalent in the country.

In short, notwithstanding the progress that GCS actors helped drive in Angola especially with regard the broadening of the public sphere, they find themselves to have lost the moral high ground from which to criticise other global and domestic actors. This too partly explains the mixed record of transparency reforms in Angola. On the ground, it is common to hear from the most vocal section of civil society, accusations that INGOs' work in and on Angola have been "self-serving", that is, "aimed more at impacting INGOs' standing than the lives of people on the ground."²⁹³ Explicit or veiled in a somewhat "jaundiced" view of Angolan NGOs as a weak and disorganised movement (Shaxson et al 2008b: 6), this lack of genuine interest in Angola was indeed a recurrent theme. "When they were here", one research participant insisted,

"They lived with Prados, Pajeros, and they had to make do with local partners through whom they would channel the money that remains from what they were spending. And when they started facing difficulties, they did not want to stay here, under the pretext of poor financial management."²⁹⁴

Conveying the same sentiment, another said:

"International NGOs come here supposedly to guide us because we [...] are told that we are unable to manage US\$100,000. Yet I believe that if white people are capable of managing US\$100,000, we also can. So in terms of intellectual capacities, they are not better than us. It is rather our politicians who are worthless [...] I think that there is an effort to make those who are powerful evolve because it brings about development. But here, if there is a way to block you, they block you."²⁹⁵

This respondent also expressed concern over external actors' lack of commitment to, and non-compliance of good governance principles that they themselves promote, regretting the fact that Angolan civil society has been used solely for instrumental purposes. As he put it:

²⁹² Interview with an Al Jazeera reporter, London, 17 January 2013.

²⁹³ Interview with an Angolan rights activist, Oxford, 16 March 2009.

²⁹⁴ Interview with an Angolan pastor, Yaoundé, 18 August 2010.

²⁹⁵ Interview with an Angolan civil servant and former CRTC insider, Luanda, 13 August 2010.

“Here in Africa, people like to take you for a ride. They love it when you adhere to their agendas. Once you try to have your own agenda, an identity, a personality, you're not followed, you are not supported... It was a pleasure to work with Global Witness and other organisations, but I'm wary that their work is not always sincere. Maybe they too don't even know. But this is what I feel. Because how can you explain that someone who gives birth to a baby, practically throws away the baby with the bath water? At the time when you need these organisations the most, that's when you're abandoned. And nobody comes looking for you to know what is happening to you [...]”²⁹⁶

This critique is similar to that against Western donors, who:

“ [...] Have some responsibility for the difficulties facing civil society; [they] often they push “sexy” questions in one moment, without adapting it to local reality – and then they abandon it when it is no longer in fashion – without paying attention to the implications that this might have on civil society. Donors don't have a strategic vision on the role of civil society – what they often do instead is to use civil society as an instrument to push their own agendas.” (Shaxson et al 2008b: 9).

It should be stressed, however, that far from leading to defeatism in Angola as elsewhere in Africa, efforts by domestic and international actors to hegemonise the control of discourses and spaces around ORT and beyond, left open spaces for local social actors to re-think their roles and responsibilities in society, and find new and innovative ways and methods to enhance their direct participation in the formulation of, and influence over, public policy. This movement related and tied to adjacent struggles for increased citizenship, producing tremendous result in the “formal” and “informal” sections of civil society (Pacheco 2002), and it is not just challenging perceptions and theories about the oil-democracy nexus. Indeed, the wave of change currently witnessed – a more visible form than that which has long existed, it will be argued subsequently in Chapter 10 – is giving more reasons to be optimistic about the future. To understand its diverse manifestations, it is useful to unpack Angola's reform context, which has been such a major influence on the shape and record of ORT policies in the country.

²⁹⁶ Ibid.

CHAPTER 9

ORT AND THE REFORM CONTEXT: UNPACKING KEY ACTORS, MOTIVATIONS AND CONSTRAINTS

“It’s fashionable to say that we are cursed by our mineral riches. That’s not true. We are cursed by our leaders.”

Rafael Marques de Morais (quoted in Reed 2009: 18).

“Agents work within institutions but agents shape institutions; frustrate or make them work.”

Leftwich (2009).

According to Grindle (2007: 569), “a good political economy combines analysis of both context and content and seeks ways of bringing that analysis to bear on the *process* of reform.” So far, the thesis has provided a background on the normative and political context of ORT adoption globally. It dissected the content of the ORT reform agenda and examined the roles that external actors might have played in the institutionalisation of ORT on the ground. In this and the subsequent chapter, the analysis turns to the national context and process of reforms. This chapter specifically looks at the government input in the reform process: the various actors, motivations and constraints that contributed to shape the design, shape and record of ORT policies.

The chapter begins by tackling the obsession there is, of strengthening presumed “weak” institutions in developing countries as a way to bring about reforms. The essence of this section is to put the accent on key features which work against international policy-makers’ efforts to reform Angola’s public finance management. Through the bias of some ORT policies listed in Chapter 4, the third section will explore several possible explanations behind the dual nature of the ORT reform process in postwar Angola. Subsequently, the chapter examines the structural and political constrictions which have so far limited the effectiveness of ORT policies, discussing in particular, lack of capacity and governance infrastructure, and the weakness of accountability institutions such as the judiciary and legislative.

OIL GOVERNANCE REFORMS AND THE ANGOLAN LEADERSHIP: BEYOND THE 'GOOD VERSUS BAD GUYS' DICHOTOMY

It is common to read about Angola's 'regime', 'ruling elite' or the 'Angolan government' without ever knowing what is clearly meant by these terms. Often, these appellations are borne out of wrong assumptions that the actors in question are somehow homogeneous. In reality, the picture is much more complicated and not all actors involved have a say in the choice and implementation of the reform agenda. Among those who do, some are more limited than others in terms of what they can do or say. The question is why?

Indeed, it is generally held that Angola's president exerts a great deal of personal discretion and personal control over Angola's political economy. As one Angolan transparency activist summed it up, "everything is being authorised by the president [...] everything has to come from the president."²⁹⁷ The latter presides over a "hybrid configuration" combining a "formal fragile government" ruled by the MPLA, and the more "resilient shadow government" controlled and manipulated by Futungo (the presidency) with Sonangol as its "chief economic motor" (Roque 2011: 1). Under this dual system, "the President and the people around him" or "the people around Sonangol and around the President" control wealth and power in Angola, whereas the MPLA controls the system of government, leading to a characterisation of Angola as a "very centralised party-driven state."²⁹⁸ As such, while politics at top level of government is more chaotic in other places in terms of the plurality and diversity of existing factions, in Angola, "the MPLA really controls the system" and the MPLA is itself easy to control because it is a "very tight-knit party."²⁹⁹

What complicates this picture is that there are divergent attitudes towards reform among all these actors. When the Angolan government is not conceived as outright "anti-reformist" (see Benner et al 2010; Benner and Soares de Oliveira 2013), it is seen as a government that is "either run by a band of committed reformists or is in the grip of a villainous, money-hungry elite" (Soares de Oliveira 2012: 5). In actual fact, none of these perceptions stand out on their own. It turns out that there are even more divergent dispositions to reforms at the top of government, within the MPLA as well as within government agencies. One Angolan opposition leader commented that within the MPLA,

²⁹⁷ Interview, Luanda, 10 August 2010.

²⁹⁸ Interview with Dominican Priest, London, 5 July 2012.

²⁹⁹ Telephone interview with Western academic, 23 February 2010.

there is a small group of reformists - led by Manuel Vicente and others - who want freedoms and have “more inclination to think about the country [...], a tendency to open up and to reach out” and who have the law on their side but not “the power to reform.”³⁰⁰ In the executive, the central bank has “sort of joined the battle a little bit recently” with its “huge effort to reform the economy”³⁰¹, though it is MINFIN which is the chief reformer and Sonangol, its opposite³⁰². According to one source,

“Basically, the Ministry of Finance, to me, I mean, they are really the good guys ... in the governance system in Angola. They have always been spiralling reforms; they have always been in the battle with Sonangol about getting the transfers from the oil revenues on a timely basis, and so on; and even challenging the sensitive issue of what Sonangol is taking for “administration” issues. So, it is a ministry that is much more accessible, and perhaps with the only functioning website of all the ministries...”³⁰³

In truth, there are many reasons why it is fundamental to look beyond this ‘good versus bad guys’ dichotomy notwithstanding the fact that this informant’s pointers to MINFIN’s pro-reform stance are correct. Not least because there is in Angola a very complex and evolving picture in which not just institutions, but power structures and relationships play a role in the political economy of oil. Indeed, as noted in Chapter 4, whilst there is a consensus about the need to build strong institutions capable of preventing and curbing corrupt, the problem in Angola is not a lack of institutions. Rather, it is that these institutions are not very effective at doing the job they are supposed to be doing. The majority are “politicised or controlled by one political party”, with the government or ruling party acting more like “a player trying to be a referee at the same time.”³⁰⁴

In the midst of this instability in leadership and institutional responsibilities, only Sonangol has managed to maintain its autonomy, whilst undermining the authority of other government agencies. As demonstrated in Chapters 3 and 5, this is mostly linked to the historical context of how Angola developed, to Sonangol’s ability to carry out a number of non-commercial and domestic functions on behalf of the state, and close relationships between the company’s managers and Angola’s rulers.

³⁰⁰ Abel Chivukuvuku, leader of CASA-CE, speaking at Chatham House, London, 15 May 2013.

³⁰¹ Ambassador Wildash speaking at Chatham House, 21 May 2013.

³⁰² Telephone interview with Western governance consultant, 12 September 2012.

³⁰³ Ibid. It is important to remind the reader that both MINFIN and the BNA have been involved in corruption cases though the simple fact that these cases came to light was seen as a positive sign of the country progressively moving away from its war-time culture of secrecy.

³⁰⁴ Telephone interview with Angolan transparency activist, 6 December 2010.

The issue with Sonangol as an institution is that it is not the typical “weak” institution that needs sorting out. In fact, some international observers opine that Sonangol is quite strong and capable. For decade, IFIs and Western partners like Norway encouraged the government to separate Sonangol’s commercial, concessionaire and regulatory functions, which combination they see as a source of conflicts of interests. While this sounds like a sound advice, to others, the question of Sonangol’s roles in the oil industry is merely a “principle” rather than an “operational” problem that the company has managed to resolve largely by putting an emphasis on efficiency (Lwanda 2011: 15; see also Clarke 2000: 200; Danish Energy Authority and Copenhagen DC 2007: 11; Heller 2010).³⁰⁵ In actual fact, so the counter-argument goes, despite corruption-related incidents such as those cited in Chapter 4, Sonangol serves as a counter-point to the conventional wisdom that NOCs function best when their activities are constrained by oversight from a strong independent regulator (Thurber and Hults 2012; Thurber et al 2011; Heller 2010). Besides, “doing oil business in Angola is pretty easy: the system is relatively efficient, companies are treated relatively fairly; the contracts are fairly constructed.”³⁰⁶ Angola’s fifth ranking in the upstream Business Environment ratings in 2011 - compared to its place as 172nd out of 183 countries in the World Bank’s Doing Business ranking the same year (World Bank 2012:6) - corroborates this point as well (Business Monitor International (2011).

Adding to questions over the credibility of this policy advice is the admiration of Sonangol among some Western officials. At a London meeting in October 2012, Christopher McMullen, former US Ambassador to Angola, did not shy away from stating the following when asked about the possible grooming of Manuel Vicente – former CEO of Sonangol and Angola’s vice-President – as a replacement of President Dos Santos:

“Our experience with Manuel Vicente as head of Sonangol was a very positive one [...]. I think Sonangol has proven itself to be a first rate parastatal oil

³⁰⁵ Heller (2010: 21) suggests, for instance, that “Sonangol has not allowed rent-seeking to interfere with its commitment to select qualified companies as operators, in large part because the coherent links between the company and the ruling government elite creates incentives for Sonangol to maximize the revenue generated by the sector. This has differentiated Sonangol’s strategy from the dominant strategy in countries like Nigeria, where exploration and production rights have commonly been awarded as favours to well-connected companies with no technical capabilities.”

³⁰⁶ Interview with Western scholar, Cambridge, 01 March 2010.

organisation, so that speaks to itself in terms of his management, I think. I think he brings some international vision, a very broad vision of Angola's role in the world. I think if he brings some of the skills that he developed in Sonangol to the rest of Angola, and that Sonangol becomes the model for management of the government, that would be a very positive thing."³⁰⁷

The NOC has now of course undertaken some reforms to reduce its regulatory role, though it is too early to what outcomes these reforms will bring. The wider lesson emerging from Sonangol's history is that it is best to target agents who might be well-placed to induce change, rather than formal institutions. To quote an Angolan pro-democracy activist:

"[Good governance] is not about having institutions, but about having leadership. It is about who is out there, doing what, standing for what [...] It is about who is implementing what and how? Focusing too much on formal institutions rather than people does not allow for the development of the indigenous population."³⁰⁸

In support of this broad point, another interviewee affirmed that "Individuals are different from institutions but institutions are very much framed according to the people handling them"³⁰⁹ Going against the emphasis in international policy-making on institutions also is the extremely personalised nature of politics, with issues like personal connections, familiarity to the president, and the president's trust in the individuals running the institutions subjected to reforms, having great sway over the content and process of reform. To illustrate the level of difficulty, one respondent reflected:

"The problem in Angola is also that everything is so individualised. You can actually meet someone within the system who is perhaps in favour of doing something in a different way and if you manage to convince that person, then that person will work gradually within his own sort of limited means but [...] it is very difficult to exert influence on the whole ministry because it will always appear to you, or appear to the outside world, as a close unit and very formal."³¹⁰

A final feature of Angola's reform context to highlight, which in a sense is a corollary of the struggle of power which exists between key government agencies is the diversity or plurality of interests within government. As this next source explains with regard to environmental regulation, this conflict of interests renders the task of reforming the system all the more convoluted:

³⁰⁷ Ambassador McMullen speaking at Chatham House, London, 12 October 2012.

³⁰⁸ Interview, Oxford, 19 May 2009.

³⁰⁹ Interview with Dominican Priest, London, 5 July 2012.

³¹⁰ Interview with Western extractive sector governance, 12 September 2012.

“Often, it is tricky to reconcile the interests of Sonangol, [MINPET] and the environmental authorities, and you have to really know what the trends are globally and locally to see whether they are aligned and sometimes you even see the Ministry of Environment take a different approach to what the oil regulator take. So you have to be really careful with these because, for instance, if you sometimes try to negotiate with one without bringing the others to the table, you may end up with conflicting solutions to the same problem [...] You have to make sure that you talk to the right people so you may not find yourself in a situation where you may be agreeing with the Ministry of Environment and then you come to the conclusion that your main correspondents which are Sonangol and [MINPET] are talking about something else. So, you have various layers of overlapping regulation and you do have to be careful as to who you deal with to try and solve these problems.”³¹¹

For sure, not even the task of finding the “right people” to talk to is an easy undertaking, for he/she may not always be the person who is the ‘face’ of that institution. Experts give the example of the Minister of Oil, Desidério Costa, who was the “real power in the ministry” ever since he was still deputy minister (see Shaxson et al 2008a: 27). As they remark, “his strength comes not so much from his position as minister but from his reputation as being a presidential insider, and also being seen as loyal and trustworthy.” The BP incident further revealed how difficult it can be for companies to identify the right decision-makers. According to oil industry insider, one reason why BP got in trouble in Angola in 2001 is because company officials misinterpreted the ‘signals’ from Sonangol: “they thought they had the green light from Sonangol” to make the disclosures public, when in actual fact, Sonangol was against the decision³¹².

Having said that, Angola’s context of oil governance reform is complicated is one thing. To draw some kind of *impossibility theorem* from it is another. Whilst policy reversals are a frequent occurrence, reforms are not overall impossible even in the most unexpected and controversial areas. These changes impel one to look beyond the actors and features of the reform context, towards considering the factors driving or limiting the apparent restructuring of Angola’s public management system and political economy currently underway.

³¹¹ Interview with Western lawyer, 3 September 2012; emphasis added.

³¹² Interview, London, 12 October 2012.

A QUEST FOR CONTROL, CONTINUITY, RENEWAL AND LEGITIMACY

To some extent, the multiplicity of interests highlighted above mirrors the divergent trends currently at work, and variety of motivations for which ORT policies are adopted and implemented in Angola. Two sets of motivations were proposed, with interviewees setting one against another: (a) control and continuity; and (b) reputation and legitimacy. On the one hand, it is held that governance reforms are more about regime survival, about adapting to change and exerting control over the state and the pace at which change occurs, than they are about a genuine opening of political space or about elites' acceptance and embrace of the good governance agenda (Roque 2011: 1; see also Shaxson et al 2008a). On the other hand still, there are indications that reforms aim to appeal to international and national audiences, and increase the government's legitimacy at home and abroad. It is the view here that both sets of explanations are equally relevant. Indeed, one feature of the Angolan ORT model is that most, if not all, ORT and governance reform components have competing objectives.

Political Control and Continuity

During a London meeting organised soon after the 2012 legislative elections, former US Ambassador Christopher McMullen described President Dos Santos' acceptance speech as containing a "long, interesting and [...] very positive agenda of what [the president] wanted to achieve." The theme of the speech was "continuity and renewal" which reflected the president's desire to "to continue and improve those things he thought the government was doing well, and end those things they thought the government was not doing so well." According to the American diplomat, the very few cabinet changes (11 out of 34 ministers replaced) and the fact that many of those appointed were "fairly well-known, with good party and technocratic credentials fitted well with the theme of continuity and renewal."³¹³ The 2012 elections were the second legislative elections held in Angola since 2002, and the third since 1992. It therefore signalled the desire of the Angolan authorities to consolidate peace and the political process, and reconnect with the MPLA's political base. These elections also represented a significant shift in Angola's history, not least because they facilitated the emergence of new political forces and greater participation of civil society in the political process. Even

³¹³ Ambassador McMullen, speaking at Chatham House, London, 12 October 2012.

more significant was the fact that they were the first elections organised after a new constitution was enacted in 2010 that marked the official end of the post-war transition period and the beginning of a “Third Republic” (Vines and Weimer 2011: 290).

The 2010 Constitution exemplifies elites’ ambitions to use reforms as a tool to control power. As noted in Chapter 4, the statute contains several pro-transparency measures, among which the parliament’s take-over of the President’s role of approving the budget. But it is controversial as well. For while encouraging transparency, and broadly guaranteeing citizens’ rights and freedoms, it effectively instituted in Angola a presidential-parliamentary model of governance that paves the way for the president to remain in power until 2022 should he wish to, or have a say on who should succeed him. What is more, the Constitution gives the president wide powers in appointing and exonerating all key positions - judges, prosecutors, generals, state governors and election commissioners – and controlling the budget.

Alongside the further consolidation of presidential powers is the instrumentalisation of the anti-corruption campaign as a tool to get rid of internal threats or enemies. Chapter 4 cited one interviewee’s concern about “show trials” that serve no purpose but to signal the president’s seriousness about his anti-corruption campaign. One such trial was that of General Fernando Garcia Miala, which had nothing to do with corruption, but with a question of “political vested interests”³¹⁴ and “intransigent” defence not of the state but of those who privatised the state (Muvuma 2011; BBC 2006). The General was convicted to four years in jail, and in spite of his past unpopularity within the presidential circle, he is now being “rehabilitated”³¹⁵ In 2011, Roque (2011: 5) disclosed that he was set to become the country’s next inspector general, having previously declined the position of interior minister because “this would make him subordinate to the military office of the presidency, run by his arch-rival Kopelipa.”

Another issue with anti-corruption and ORT reform initiatives is that they often foster more opportunities for corruption and private wealth accumulation. Some respondents felt that the limited interagency coordination and cooperation of public financial institutions as part of this “mentality of dividing them and not letting them communicate

³¹⁴ Interview with Angolan transparency activist, London, 17 September 2013.

³¹⁵ Ibid.

with each other about things they really need to communicate about”³¹⁶ in order to have a firmer grip on government, on the patronage system, and avoid giving too much power to any single actor. Another indication of this comes from the establishment of the FSDEA - to which the president appointed his own son, Jose Filomeno Dos Santos, in an act that allegedly symbolises the “entrenchment of nepotism and clientelism in Angolan society.”³¹⁷ In 2014, the IMF (2014: 10) noted that despite having already instituted most of the accepted best international practices for sovereign wealth funds, FSDEA is still lacking in transparency and governance, especially when it comes to the issuance of “frequent (quarterly) and timely reports on its activities and performance, the timely publication of audit reports, and clear rules for selecting board members and external asset managers.

It is worth noting that control of the political system and protection of political vested interests go hand in hand with control of the economy. One Angolan critic expanded on this matter in the following way:

“There is a great need to have not only political control of the country, but especially financial and economic control. To the extent that if I have economic and financial control of the country, I control power in the long run; and even if I am no longer in power, I remain unavoidable [...]. Here, there is no Black Economic Empowerment. There is MPLA Economic empowerment because almost all the country’s big businessmen are people in power.”³¹⁸

In effect, Sonangol and the MPLA are the main facilitators of this system. Appointment to state employment, access to good healthcare, education, bank credits, housing, land, business opportunities, all still depend for the most part, on political affiliation to the MPLA and political allegiance to the president. Sonangol, on the other hand, is at the centre of Angola’s “state capitalism”, that is, a more sophisticated form of clientelism and patrimonialism that combines illicit economic activity with capitalist accumulation through the liberalisation of foreign trade and the privatisation of state-owned enterprises (Péclard 2008: 29). Under this model, “the state builds up commercial activity and other elements, then releases them to the private sector” (Shaxson et al 2008a: 47) in order to generate the growth and development of national entrepreneurs. In practice however, the private sector in Angola is dominated by a small number of oligarchs who control large private enterprises through ‘silent partners’ or intermediaries that merely deal with

³¹⁶ Interview with Western scholar, Luanda, 13 August 2010.

³¹⁷ Elias Isaac, speaking at Chatham House, 17 September 2013.

³¹⁸ Interview, Angolan civil servant and transparency advocate, Luanda, 13 August 2010.

day-to-day management duties. An Angolan rights advocate explicated how this system works:

“The President has established a special task force within the intelligence services, which selects, distributes and oversees business opportunities for certain political and social figures, reward loyalists, co-opt dissenters, enrich certain families, and ensure a vertical and tight control of the patronage system to maintain the status quo... Furthermore, most of the relevant foreign investments in the country are made through joint ventures with companies owned by the presidential family and the ruling elite, which helps to secure international support and complicity through corruption” (Marques 2012: 6-7).

Sonangol has achieved this economic goal with tremendous success, as the sheer number of joint ventures and subsidiaries within its portfolio demonstrates. The exact number of these “Sonaventures” (Shaxson 2009) is not known, although some estimate that they may be up to thirty nine (Soares de Oliveira 2007b: 604; Lwanda 2011; Heller 2011). Outside its core oil industry focus area and besides the subsidiaries listed in Table 10 below, the group comprises a number of companies that provide technical services to oil companies such as platform construction, SONAMET; seismic data analysis, Sonawest, and a drilling company, Sonangol SGPS; and Sonangol Holdings Lda, a subsidiary set up in 2004 with the aim of “developing commercial and industrial activities, managing a portfolio of shares and providing technical and administrative services to specific companies” (Macauhub 2011). It also owns an air transport company, Sonair that has operated express flights to and from Houston for over 12 years at the same time that it has catered for other oil industry activities³¹⁹.

Sonangol’s success can also be measured by its profitability, access to international markets and sources of financing, and in terms of Angola’s growing influence in Africa and the world. Through its vertical and horizontal integration, Sonangol has increased its balance sheet, government revenues and enhanced Angola’s international standing. One sure way it achieved this is by encouraging its foreign partners to use its subsidiaries and by allocating rights for oil projects to itself and/or companies in which it has business interests.

Another key development has been its partnership with international companies and its use of oil dividends as a tool to gain mining rights and access to international markets.

³¹⁹ See http://www.sonairsarl.com/aboutSonair_en.shtml.

Its expanding international portfolio tells the story. In the upstream and broader petroleum sector, Sonangol's interests include a 10 per cent stake in Gabon's Kiarsseny Marin block (in partnership with Tullow Oil and Addax); and other equity stakes in Iraqi fields, Cuba, the Gulf of Mexico (the latter alongside the Texan oil firm Cobalt), Venezuela, Brazil and Sao Tome and Principe.

Table 10: Selected List of Sonangol's subsidiaries

Subsidiaries	Purposes
Sonangol P&P	Prospecting, research, development and production of crude oil
Sonagas	Prospecting, research, development, production and distribution of natural gas
Sonangol Shipping	Transportation of crude and refined oil
SONAREL	Refining of crude oil
SONAREF	Construction of new refinery in Lobito
Sonangol Distribuidora	Commercialisation and distribution of refined products
Sonangol Ltd UK	Commercialisation of crude oil and LPG
Sonangol Logistica	Storage of refined products
Sonangol USA Company	Commercialisation of crude oil
Sonangol Asia Ltd	Commercialisation of crude oil
Sonangol Finance Ltd	Contracting credit
Solo Properties (Knightsbridge)	Real estate
Clinica Girassol	Clinical services
SIIND– Sonangol Industrial	Coordination of the management, promotion and development of industrial projects of Sonangol EP and its subsidiaries in Luanda and Bengo
SONIP	Real estate
SONACI- Sonangol Comercializacao International Limitada	International commercialization of liquid and gaseous hydrocarbons and their derivatives
Puaca	Real estate
SHC–Hidrocarbonetos	Prospecting, research, development and production of crude oil internationally
Sonangol Holdings, Lda	
ESSA	Provider of professional training
MST	Telecommunication services

Source: Sonangol (2011; author's translation).

It also is a major shareholder of the Portuguese firm Galp Energia through its shares in Amorim Energia, which holds one third of GALP's shares; and has a 20 per cent stake in Puma Energy Capital, the independent operator owned by Swiss Trader Trafigura which secures the company's access to the 'midstream' and 'downstream' sectors of a greater number of sub-Saharan African countries than it has managed to reach up to now (Angop 2012b; Petroleum Intelligence Weekly 2011).

Furthermore, Grupo Sonangol boosts stakes in a number of foreign banks, including in Portugal's largest listed bank, Millennium BCP in which it recently increased its shares from 14.59 (in March 2011) to more than 15.08 per cent, and by so doing, became the bank's biggest shareholder (Macauhub 2012). It is also involved in resource-for-infrastructure and mining projects in Guinea, Zimbabwe, Tanzania, Mozambique, Madagascar, Nigeria, Singapore, China and Indonesia; projects that it undertakes through CSH (see Weimer and Vines 2012; Vines et al 2009). With such a large portfolio, it is perhaps not surprising that the NOC engenders suspicions.

Renewal and Legitimacy

There clearly is, among the Angolan elite, the realisation that the world is changing, that political isolation is no longer an option, and that this new post-war international context calls forth the need for the normalisation of international relations, the need for smart partnerships and broader international acceptance and legitimacy. In turn, the desire to gain international legitimacy requires that a country like Angola seeking to find its place in the world establishes linkages with international players and institutions such as the IMF. The "marketing" of Angola's fight against corruption, improvements in local and national governance and accountability, and Angola's contribution to regional and international peace and security apparatuses can be seen in that light. In addition to marking, a policy shift from a war-time emphasis on internal issues to a focus on foreign relations, these factors indicate elites' strategy to position the country as a major regional power following in the footsteps of South Africa and Nigeria (Martins 2011: 16).

The signing of the SBA and transparency measures that accompany it, though arising at a time of crisis, can equally be interpreted as a "political signal about identity and intent"

(Lord 2006: 20) of Angola's readiness to be considered as a good member of the club of nations. Jensen and Paulo (2011) noted the position of some government officials that the SBA contributed little funding but served to provide credibility to the government's economic policies and help secure a credit rating by Fitch Ratings in 2010. The analysts disputed this argument, on the grounds though small in comparison to Chinese credit lines, it was a significant boost to Angola's financial and economic credibility. This last argument is shared by a number of interviewees too. However, it is the author's view that the identity of the borrower - the IMF - says more about what the SBA was intended for than the amount of money disbursed, which the last position seems to emphasise; or at the very minimum, that both these factors carry the same weight. It is interesting to note, for example, that in June 2009, Botswana was able to borrow US\$1.5 billion for budget support from the African Development Bank, and "in record time" (Woods 2010: 59). This and the contraction of the US\$1.5 billion loan from the Russian investment bank VTB Capital suggest that there were other sources of funding that if willing, Angola could have tapped into at that precise time.

The preceding argument does not belittle the relevance of Luanda's financial liquidity as a "soft" and "hard" power tool that it uses regionally and globally to increase its economic and military participation in other African countries, to allow itself to have a say in those countries' national politics, in particular whenever its interests are ignored or violated (Dos Santos 2014: 24-26). Furthermore, Luanda increasingly perceives its achievements of the National Development Plan 2015, consolidation of its relationship with IFIs and of the conditions of economic and financial stability, including of greater fiscal transparency, as necessary steps to improve its image, to get closer to being SSA's biggest economy and an indispensable broker for peace and security in the region³²⁰. Among other things, this international legitimacy necessitates that the authorities "clean up their finances and put the corruption somewhere else", even if "regularis[ing] things a bit which is not the same thing as cracking down on corruption; it is just making corruption a bit regular, and getting more control over it."³²¹

At home, the necessity to become a 'normal' country, a peaceful country that fits into today's world translated into government's attempts to renew the social contract in a sense, in order to achieve broader popular national legitimacy and longstanding basis in

³²⁰ Maria Ângela Bragança, speaking at Chatham House, London, 13 June 2014.

³²¹ Telephone interview with Western transparency advocate, 7 March 2011.

political support amid growing expectations about the materialisation of peace and development dividends. The constant use of developmental language, the evolving social agenda, investments in infrastructure development, reforms of democratic institutions, and the implementation of transparency policies point to this. Nowadays, the government knows that “transparency has to be part of the Angolan society; that is why there is the new public probity law that obliges people to declare their properties.” That is also why “the government discloses oil revenue data on the internet and where they presented US\$10 billion, now, they present US\$15 billion; which insinuates that work has to be done.” These changes were, for the most part, implemented prior to elections and so evidently designed to appeal to the electorate.

To close, it is hardly surprising that contradictions between shorter-term aspirations for accumulation of private wealth and longer-term goals of political survival and broad-based development are leading to much scepticism about the rationales for ORT’s embrace. To some, this is “more a show off rather than substantial change in Angola”, especially given that “a lot remains to be done” on the social agenda.³²²

STRUCTURAL AND POLITICAL CONSTRAINTS

The points outlined above partly explains why, on the one hand, the government remains engaged and committed to promote and increase transparency, while on the other, it appears to be constrained by political impediments and political fear to open up the system to international and national scrutiny. It is also the case that whilst there may be the desire and political will to implement structural changes, there are capacity constraints in terms of policy-making and implementation. As it is shown subsequently, this is one of the most contentious issues arising out of discussions concerning oil governance reforms in Angola.

It’s Capacity Stupid!

To be clear, there are multiple risks to the successful implementation and effectiveness of transparency and governance reforms in Angola. The author already cited its centralised political system, top-down approach. Another prime limitation is the absence

³²² Interview with Angolan Dominican Priest, London, 5 July 2012.

of some of the most critical institutions for promoting transparency like the stock exchange, and of a culture of transparency and openness within the government. In spite of Jose Pedro de Morais' efforts to create a new transparent culture (Corbett 2008),

"The government is finding it difficult to explain to people or to involve the people in terms of the expenses [...] Within state institutions this is a new discussion [...] Some people who are sensible understand that they have to talk about it. You will also find people who are not sensible, and when you talk about it, they would say that you belong to this party or another. But I think that things are changing, the discussion is taking place, essentially in Luanda"³²³

According to critics, Angola's petro-elites feel a sense of entitlement: "they won the war and they feel entitled to the country", and therefore, not accountable to the people for their misuse of public funds.³²⁴ That said, the biggest debate is on the extent to which governance shortcomings are due to capacity and institutional issues on the one hand, or power and lack of political will on the other. Without being dismissive of the latter, the author found that the lack of institutional prerequisites and human capacity actually account for Angola's weak governance a great deal. These capacity issues, in fact, extend beyond the oil sector. Talking about the decentralisation process, one respondent affirmed that "there are enough people within the central committees and other committees of the MPLA who have managed to consistently and regularly withhold or delay local elections". Yet, he nevertheless offered the ensuing analysis:

"In 2008, when the CACS ["councils of community consultation and cooperation"] legislation came in, at that stage, Cazenga which had a population of about one million, had a budget of about less than US\$5 million for the whole municipality. They didn't have a budget. Therefore, to say that they needed to have local elections with that! I mean the staff of Cazenga, about 230 people for the whole of Cazenga? It is that absolutely underdeveloped local government, totally underdeveloped local government! So, the fact that you then go and have significant governance structure around something which didn't have money or local staff, you can't!...And at that stage, for your side of oil revenue transparency, some people then said it's all China's fault. There is such an imbalanced analysis! China is to blame for everything and it is very convenient for some people."³²⁵

In the oil sector, there are also genuine institutional capacity issues in the ministries involved in the management of public finances and the oil industry, and these are

³²³ Interview with civil society actor, Luanda, 12 August 2010

³²⁴ Elias Isaac, speaking at Chatham House, London, 17 September 2013.

³²⁵ Interview with Western civil society actor, London, 18 February 2013.

seriously hampering their interaction with each other, as well as with IOCs. One interlocutor asserted that these issues did affect MINPET's inability to enforce local content rules, allowing IOCs to "go round" these rules. "Partly it is political", says this source,

"...Because the petroleum ministry is not viewed as a powerful ministry. It is actually a very weak ministry, not considered to be very prestigious, and with very low levels of capacity indicated by the way that they were able to interact with me. It is not that they did not want to help me, because they realised that what I am doing is very much in their interests. They were just not able to help me, to provide me with data. In some cases, they were not even able to meet me because they are so overworked, short of staff and unable to do what they were attributed to do."³²⁶

It is this same lack of capacity that did not enable MINPET to take overall control of the oil sector, leading to a "pragmatic" solution that allowed Sonangol to regulate old PSAs while guaranteeing it a 51 per cent stake for subsequent joint ventures (Danish Energy Authority and Copenhagen DC 2007: 11).

As regards budget execution, it was noted that the low capacity of budget units to follow legislation accounted for the low rate of budget implementation and irregularities behind the arrears of 2009, besides the dual nature of the public financial management system and deliberate attempts by budget units to circumvent the rules (Jensen and Paulo 2011: 38). The absence of a "governance infrastructure" has also been a big challenge as this senior World Bank official explicates:

"Take one example. There was a lot of money when I was there, put into the education system. The problem was not the funding of the educational system because the Ministry of Finance would give the Ministry of education money to pay the teachers, etc. The issue was that there wasn't a system to pay the teachers. So, teachers were asking money from the kids. That is not corruption but weakness of the government. There was no system to pay these guys. People were travelling with bags full of cash in order to go across the country and pay teachers. In the rural areas, teachers were not paid because nobody would come around with the money to pay them, and of course, they did not have banks. Now they have ATM, teachers are paid, and they do not need to ransack the kids anymore. This is evidence that governance has improved although much remains to be done. But governance has technical reasons. Just saying that it is corruption is being short-sighted. Of course it is much easier to pay transparently but you need to have good systems in place. I often say that before there is

³²⁶ Interview with Western scholar, Luanda, 13 August 2010.

governance, there is need for the governance infrastructure. This is what the [World] Bank contributed to put in place but there must also be the willingness to improve the situation and they did not have that before. So, don't accuse them too much."³²⁷

Coming to information sharing, foreign observers assert that "information flows are hampered by political and other considerations", and this is true in particular for the sharing of data on oil resources between Sonangol, MINPET (Danish Energy Authority and Copenhagen DC 2007: 10) and MINFIN too. Yet, among the "other" considerations are critical factors such as weak institutional culture – meaning "taking notes, keeping records, writing reports based on these records, circulating the reports, asking for peer review"³²⁸. In short, these deficiencies make it hard to "record things, and sometimes there is information that they don't want to share. But sometimes, things are just not registered because the systems are just not in place, or they don't have the appropriate people to register them."³²⁹

These challenges are compounded by lack or uneducated skilled human resources. It is well documented, for example, that some staff at MINFIN's Financial Programming Unit had limited knowledge of government finances, forecasting techniques, debt projection, real growth calculation, inflation, and of how "debt records should be kept, managed, and used in compiling fiscal tables" (Development Alternatives 2009: 1). And that there was only one member of staff handling seven different albeit key portfolios, from policy-making, forecasting, tax audits, valuation, to dispute resolution, with limited clerical assistance in the Special Tax Regimes Department of MINFIN's National Tax Directorate in charge of handling over 95 per cent of the country's total tax revenues in 2005 (Calder 2006; Macnab 2006). Taking into consideration the vast volumes of oil produced by various oil companies possibly with various accounting techniques, the additional layer of difficulty that comes with the receipt of large sums of upfront fees, delays in IOCs payments, Sonangol's quasi-fiscal activities, and the extreme complexity of the oil tax regime, it is perhaps unsurprising that there may be accounting and reconciliation issues.

³²⁷ Telephone interview, 12 November 2010; emphasis added.

³²⁸ Interview with Angolan Dominican Priest, London, 5 July 2012. This is not a novel issue. The March 2004 report on the *Assessment of the Angolan Petroleum Sector* notes that "the consultants were unable to obtain from the Tax Directorate sight of an invoice or equivalent form of billing which under good accounting practice would be submitted by the concessionaire detailing the concessionaire's time and internal costs incurred to support the operating costs" (MINFIN 2004: 13).

³²⁹ Interview with Angolan consultant, Luanda, 10 August 2010.

A 2009 report also reveals that there are instances where “extremely poor statistical output of the National Statistics Institute and the Ministry of Planning not only make it difficult to do the required technical work, but have caused [MINFIN] to be unwilling to publish reports” (Development Alternatives 2009: 2; emphasis added). That is, in addition to differences in presentation setups and basic data entry errors reported elsewhere (Jensen and Paulo 2011: 32; see also Chapter 4 on budget reporting). Consequently, whilst there may be “no real interest high up in the system in making the situation match”³³⁰, it cannot be denied that political constraints go hand in hand with technical shortcomings which are in part legacies of the war.

One line of thought holds that the preceding political difficulties can be surmounted “if you have watchdogs, a very informed society, a very inquisitive society asking for this and that.”³³¹ The issue in Angola however, is that institutional checks and balances are weak. The executive power is largely unchecked and unchallenged by both the judiciary and parliament, and that in itself, is symptomatic of the wider systemic public accountability problem. Focusing on horizontal accountability next, the chapter will assess the contribution of these local accountability institutions to the fight against corruption and the internalisation of the transparency and good governance agendas in general, beginning my analysis with the judiciary.

The Judiciary and Opposition Parties in Postwar Angola: Weak Accountability Institutions?

Whether or not the judiciary must play a role in social transformation is theoretically debatable (Skaar and Van Dunem 2006). That said, Siri Gloppen proposes that when and why courts are active in this domain may depend on four main criteria: the effective voicing of social rights grievances; courts’ responsiveness to social rights claims; judges’ capability to find appropriate remedies; and authorities’ compliance with judgments and implementation through social policies (Gloppen 2005, 2006; see also Skaar and Van Dunem 2006).

It is not the aim here to expand on this framework or provide enough empirical evidence that would do justice to each of these conditions. What the author proposes to do is to

³³⁰ Interview with Angolan Dominican Priest, London, 5 July 2012.

³³¹ Ibid.

focus solely on the second criterion in this chapter – that is, on judicial bodies' responsiveness to allegations of corruption by public officials -, while looking into the first criterion in the subsequent one. One claim against the judiciary that this section seeks to investigate in particular is whether it is helping cover up top officials' abuses and foster a culture of impunity rather than effectively enforcing rules and administering justice. The section uncovers that while this is true to some extent, there are positive signs giving a glimpse of hope as to the possibility of change.

To start with, it is worth noting that Angola's court system consists of the Supreme Court, the Appeals Court which is the highest operating court, in addition to municipal and provincial courts operating under the authority of the Supreme Court (Isaksen et al 2007: 14). The 2010 constitution and the legal system give citizens legal protection of a wide range of social and economic rights as well as granting them the rights to seek redress. The problem in Angola is that the judiciary is actually the weakest branch of government (Skaar and Van-Dunem 2006: 5). There are many reasons why, the first being the absence of a legal culture. As noted, there is a clear lack of concern for checks and balances and, one source claimed, "no political will to truly undergo a real reform of the justice system."³³²

The nature of the legal system, especially its weakness relative to and dependence on the executive branch of government, contributes further to tame the judiciary's positive contribution to the anti-corruption struggle. There are four principal indicators of this: (1) the limited role that the Attorney General is expected to play in the application of LAP as mentioned in Chapter 4; (2) the lack of a functioning anti-corruption commission even though the law establishing such an institution was passed in 1995 by the Angolan parliament; (3) the limited jurisdiction or scope of the Court of accounts; and (4) the president's promotion of the Supreme Court Chief Justice to the rank of general of the armed forces (FAA) in October 2012.

Worryingly, none of the requirements for judicial independence - from the security of tenure of judges, the financial security of the judiciary, to the direction of judicial administration – are fulfilled in Angola. As mentioned previously, the 2010 Constitution now gives the president total control over the nomination of judges from the Constitutional, Supreme and Audit Courts (Article 119), while the previous one provided

³³² Interview with Angolan jurist, Luanda, 10 August 2010

that the National Assembly nominates three out of the seven judges sitting at the Constitutional Court and gave the Supreme Court authority to name one judge (Manning 2011). What is more, with the exception of the Supreme Court and the Attorney General's office, budgets are allocated by the Ministry of Justice and they are overall, woefully inadequate for the running of day-to-day administration of the judiciary (AJPD 2009). In short, the executive is well "above the judiciary."³³³

The judiciary is also plagued by corruption - bribe taking and influence peddling – is rife (U.S. State Department 2013: 23; Manning 2011; AJPD 2009), partly owing to the "legacy of militarism" that leads to "confusion between obedience and to commanding officers and the exchange of illegal favours" as to the "lack of a culture of legality" (AJPD 2009: 24, 44). This has given rise to limited prosecutorial independence and partisan rulings (Manning 2011; AJPD 2009: 45). It is said in fact, that "everybody in the political system is involved [in corrupt practices]. That is why you never see the judiciary go after these people."³³⁴

There are other significant challenges stemming from the inadequacy of the existing infrastructure - fax, phones, and electricity; to the shortage of trained judges and lawyers, of functioning courts and their high concentration in the capital, Luanda; to the lack of knowledge of the law (AJPD 2009; Manning 2011). Tellingly, a 2007 report indicated that a number of Supreme Court seats remained unfilled due to capacity shortages and the competence, skills and capacity of the Court of Accounts still need strengthening (Isaksen et al 2007: viii). This is also what one source had to say about these challenges:

"Another indicator to prove the weakness of the justice system is that there is no favourable judge-population ratio. 80 per cent of judges are here in the capital and the rest in the rest of the country. But even in the capital, the number of judges is not enough to solve the problem of people. Bureaucracy also discourages one to use the justice system."³³⁵

A couple of studies support this point (see AJPD 2009: 58; Skaar and Van-Dunem 2006: 9). The Angolan rights group AJPD explicates that this shortage of lawyers in the capital is inextricably linked with the practicalities of the legal aid system which prescribes that

³³³ Interview with Angolan transparency activist, London, 18 September 2013.

³³⁴ Ibid; emphasis added.

³³⁵ Interview with Angolan civil society actor, Luanda, 08 August 2010.

anyone eligible for legal aid travels to Luanda in order to be allocated a lawyer from the bar association (AJPD supra: 59). Another dynamic is that while key individuals remain “invisible” as was discussed in Chapter 4, the judicial system punishes the poor. The irony, indeed, is that “[Courts] function sometimes. For people who steal potatoes, or telephones, they are in jail. But the big people are never put in jail.”³³⁶ Even one of the highest courts in the country, the Court of Accounts, “deals only with civil servants at a lower level but not really at the highest level.”³³⁷ One of these two informants elaborated on his critique by focusing on the looting of US\$160 million from BNA. The case led to the arrest of some “forty-nine unassuming people, including cleaners, drivers, archivists, porters, and some unemployed citizens” (Marques 2011: 25) between September and November 2010. Here is how he interpreted this outcome:

“We had this problem with the national bank. They are talking about US\$150 million that disappeared from the treasury. Now the Supreme Court is behind those problems and they are saying that the government has recovered almost all the money that was taken, which we think is impossible. They are showing people but we have never seen the people, but we just see cars, and other things bought. And other people that they show as having stolen the money are small people who are not part of the decision-making in the bank. We have colleagues that went to see those people who took money from the bank. They are small small people. They are not the sort of people who have the power to make such decisions! How possible can it be that people who have no competence to manage the bank or write cheques or others are able to take money from there [the central bank] without the minister, their vice-minister and their officers’ permission? They know that if one minister was to go, then all of them would be going.”³³⁸

These illustrations should not be taken as denoting a complete failure of the judicial system or suggesting that impunity is the norm in Angola. In actual fact, Angolan courts and legal system are very much “under construction” (Skaar and Van-Dunem 2006), with two parallel trends currently taking place. The first is exemplified by the legitimization of Manuel Vicente’s and others’ alleged corrupt practices; but the second trend is more visible at the provincial level and on less politically-charged issues. Two cases in point are (a) the arrest and detention of the administrator of Benguela at the centre of the “millionaire garden” in September 2010; and (b) the sanctioning of Teleservice, the private security company at the heart of allegations of corruption and human rights abuses in the diamond area – even if it still does provide security services to several

³³⁶ Interview with Angolan transparency analyst, Luanda, 10 August 2010; emphasis added.

³³⁷ Telephone interview with Angolan transparency campaigner, 6 December 2010.

³³⁸ Interview with Angolan extractives sector analyst, Luanda, 10 August 2010; emphasis added

European embassies and multinationals in Angola, including Chevron (Marques 2011, 2013; Chevron 2012: 18). Both scandals were tackled after legal complaints were lodged by Angolan journalists: the latter by Rafael Marques; and the former by José Manuel and Francisco Rasgado, respectively correspondent of Radio Ecclesia in Benguela and director of the local newspaper, *Chela*.

These and other incidents pointing towards the inconsistency of judicial interventions support Pearce's (2013) interpretation of the law and legal system as a "political battleground" in the wider society. With battle lines marked, on the one hand, by "the progressive legal framework that survives from the 1992 constitution and the fragments of functioning judiciary"; and on the other, by impunity and authoritarianism that stems from Angola's birth in wartime, the concentration of power in the presidency by legal and illegal means, and the extensive use of "clandestine networks that are called state security" (ibid).

Many of the foregoing concerns extend to parliament and opposition parties, which by many accounts have traditionally been weak at representing the interests and demands of the general population. That is, whenever they are given the chance to have a say, as there have been instances of complete disregard for due process, for the separation of powers and for parliament itself. One of the oft-cited instances was in the summer of 2004, when two key pieces of legislation – the Land Law and Petroleum Activities Law – were passed whilst parliament was in recess because of "its importance to the country" (Amundsen et al 2005: 11). The former had provided a rare opportunity for civil society activism and extensive public discourse even though most recommendations were simply ignored.

Overall, respondents were quite clear that parliament's weakness derive primarily from its strong, almost unchallenged control by the ruling party, in addition to the party's close links with and control of the state. Whereas the former turned the institution into "a rubber-stamp body" (Shaxson et al 2008: 30) that legitimises decisions taken by the executive from which the majority of laws emanate, the latter has allowed the MPLA to dictate the terms of engagement of other political parties in the country. What is more, one source reckons that the situation worsened following the 2008 elections and passing of the 2010 constitution:

“Officially, the National Assembly should make laws and control their implementation. But you see that in the last months following the approval of the new constitution, some laws that are passed do not even need the approval of the National Assembly because the majority of MPs are from the MPLA anyway... I think that now we are going back to the communist time because after the elections the ruling party won 82 per cent. So, if you go the national assembly, most members are part of just one party and they take decisions because there is no strong opposition. And you know that a democracy should have a strong opposition. Here, there is no opposition to make Angola be a strong democracy.”³³⁹

Reports indicate that little has changed since this interview. In fact, in the first nine months of 2013, parliament approved 33 laws on “how to regulate, how to control and give more powers to the president”, including a law requiring potential international investors to enter into a joint venture with national companies at the discretion of the president. UNITA’s leader talked about the existence of a “controlled democracy” in which opposition parties do not have access to state media, their access to their constituencies is limited and monitored by the authorities, as is their freedom of expression sometimes even within parliament.³⁴⁰ He gave the following example to bring his point home:

“The Angolan National Assembly has one plenary per month. There are many issues in Angola that need addressing but they [opposition parties] don’t have space for it. They have an opportunity to come up with what they call ‘a political statement’ every 3 months. Last week, there was a plenary where they were supposed to make that statement but they were denied that opportunity. What happened is that our deputies came out and they organised a press conference instead of talking at the National Assembly.”³⁴¹

This example largely corroborates to informants’ assessment of how severely restricted the political arena has been for opposition parties in Angola. One Western analyst partly blamed the decline of UNITA’s fortunes under Samakuva’s leadership on the fact that “the MPLA has just made it very difficult for UNITA to organise even in its own heartland”³⁴². Another Angolan civil society actor declared that the media has been one key tool of control of the political space available to opposition parties, in the sense that:

³³⁹ Interview with Angolan civil society actor, Luanda, 10 August 2010

³⁴⁰ Isaias Samakuva, speaking in London, 29 April 2013

³⁴¹ Ibid; emphasis added.

³⁴² Interview, London, 20 April 2012.

“Most of the people who appear on television are often those that relate to the government. After debates in the parliament, you would often see the same people commenting in the media. Even on national television, members of the opposition get to speak but it is nowhere near the type of attention that is given to the ruling party.”³⁴³

Continuation with past practices also saw the media continually being used as a propaganda tool, a tool to control and shape public discourse around key issues. What follows is this informant’s recollection of events that took place during and after the approval of the 2010 constitution:

“UNITA had boycotted the vote and they did that because of the way the constitution was approved: from one day to another, nobody knew what was going on [...]. The way it was presented is that: ‘UNITA did not even want to participate in the vote; they boycotted the vote’. Almost like: ‘we wanted UNITA to participate but they refused to do so’. But obviously it was the other way round. Now, imagine being someone who is not that literate. Of course you would think that the MPLA is much better because they wanted to involve UNITA but this latter does not even want to cooperate. But obviously the reality is different”³⁴⁴

Incidentally, one UNITA senior representative implied that communication shortcomings may not all have been down to the government but more generally, to the general coverage of UNITA’s activities beyond Angola, and the way in which UNITA itself communicates with the outside world. He lamented that “UNITA could be screaming in Luanda, it will be hard for you here to know what happened because nobody talks about it [...] Most of what UNITA does is not known and I guess we have to find a way to improve that as well.”³⁴⁵ In turn, the general contempt for media bias was reflected in a 2009 survey, in which 76.3 per cent of respondents felt that the state media should devote more time for the opposition parties (Consulform LDA and American View Inc. 2009). Saying that, what concerned my informants the most, and justifies the title of this sub-section, is the limited social representation of the legislature. In other words, the problem is that MPs are “collaborators first, and then representatives of the people”³⁴⁶. “They are not very linked to the people... They only talk in the name of the people but they are not really linked to the people.”³⁴⁷

³⁴³ Interview, Luanda, 10 August 2010.

³⁴⁴ Ibid

³⁴⁵ Interview, London, 31 July 2013.

³⁴⁶ Interview with Angolan civil society activist, Luanda, 5 August 2010

³⁴⁷ Interview with Angolan civil society actor, Luanda, 4 August 2010.

The unfamiliarity with most of the parties holding seats in parliament is thought to be a corollary of this factor:

“In other countries, MPs actually represent people. Here, few people even know their MPs! If you go to the streets and you ask people to give you the names of ten MPs, I don’t think people will actually be able to do that because they don’t know them, they don’t know what they do, and they even have little visibility in the media” ³⁴⁸

Broadly speaking, according to interviewees, this problem owes to the fact that MPs are selected from a party list and not directly elected by citizens, which means in turn, that they are more accountable to the party than to citizens. Besides this lack of citizen accountability are (a) clientelism and the capture of parliament by small interest groups and personal gains; (b) the preponderance of party politics; and (c) lack of capacity. In this regard, it must be said that all political parties have a poor image with citizens. To give an example in relation to the first issue, some respondents perceive the problem to be the distributive nature of the MPLA - or ability of top MPLA officials to use state resources to co-opt opposition deputies -, whereas others would frame it in terms of the vulnerability of opposition deputies to MPLA’s co-optation tactics. The subsequent quotations are instructive here:

“The thing is that the MPLA in Angola is like the almighty party controlling everything even the improvement of your living conditions and everything is very much linked to the extent to which you are close or far from the MPLA... So, there are a lot of limitations and so people tend to have all these things into consideration so that they can survive. It will change one day if we reach a more balanced political picture. For now, it is very complicated because the MPLA is still controlling everything. People - I don’t agree but at the same time I understand -, that they don’t want to take too much risks. They have to think about their family, etc...”³⁴⁹

“At the top level, if you are a senior member of an opposition party and you are offered a job by the MPLA, it’s going to come with a house and business opportunities and yeah, it is just pure economic sense. I mean, at the top level, it means millions of dollars”³⁵⁰

It is alleged that in the run-up of the 2008 elections, UNITA lost two to three deputies to MPLA through co-optation and in return for houses in the new suburb of Luanda Sul (Amundsen and Weimer 2008: 31). Similarly, there were rumours that some party MPs

³⁴⁸ Interview with Angolan analyst, Luanda, 10 August 2010

³⁴⁹ Interview with Angolan Priest, London, 5 July 2012

³⁵⁰ Interview with Western Angola analyst, London, 20 April 2012.

were offered and have accepted “flashy cars” from the MPLA in the run-up to the 2012 legislative elections; rumours which the party’s president would not be drawn to. In early 2013, the party suspended its youth leader over allegations of bribe taking from the MPLA, to “discourage participation in anti-government protests and using UNITA resources to apply for visas in exchange for cash (Angola Monitor 2013). The situation is worse at local level, where the “politicisation” and corruption of public administration accentuates challenges related to opposition parties’ exercise of citizenship rights, their access to local state and community representation (Orre 2010).

In addition to what is dubbed the *partidarização* - the ‘party-isation’ of public life and all social sectors (Schubert 2010: 659) - which I return to subsequently, the other issue is that “parliament itself is more focused on playing party politics, and the whole system is formulated in a way that is very competitive.”³⁵¹ These dynamics vary according to the political party in question so much so that if MPLA deputies seem distracted by the politics of “keeping wealth through the party”, UNITA is perceived to be crippled by tribalism and factionalism, whereas PRS (*Partido de Renovação Social* - Social Renewal Party) “tries to pretend it’s not an ethnic party but it clearly is.”³⁵² Moreover, “some MPs have been saying that they need training, capacity building” in order to effect policy change.³⁵³ The MPLA deputy chairing the parliamentary Foreign Affairs Committee was quite defensive on this issue, saying:

“We have the capacity that we have. We don’t have the capacity that the UK has, but we have committees that deal with issues sent to us by the executive... It is very early to criticise the parliament because it is trying to do too many things all at once. We have been doing this for only 9 years!”³⁵⁴

Her argument is one which has been put elsewhere, that parliament’s lack of experience, capacity and expertise is linked to a lack of resources when compared to those at the behest of the executive. For instance, while the executive can afford “consultants from all nationalities”, parliament itself only has a limited number of technicians and support staff with relevant expertise who can “look at issues and pass their reports to MPs” on time for parliamentary debates (ibid; see also Amundsen et al 2005: 9). Traditionally, some of the most heated debates have taken place within the MPLA parliamentary group rather than inside parliamentary forums comprising

³⁵¹ Interview with Angolan rights activist, Luanda, 5 August 2010.

³⁵² Interviews with several Angolan CSO actors, London, 2011-13.

³⁵³ Interview with Angolan analyst, Luanda, 10 August 2010.

³⁵⁴ Angela Bragança MP, speaking at Chatham House, London, 12 May 2011

members of the ruling party and opposition parties (Amundsen et al 2005: 9; Shaxson et al 2008: 30). This has been the case for national budget discussions which sometimes left parliamentarians to approve the budget “under the framework of party-dire loyalty or party-dire discipline” in part because of lack of expertise and understanding of macroeconomic issues³⁵⁵.

A number of domestic and Western civil society actors interviewed felt that MPs do not always understand their role, neither are they necessarily committed to it. One initiative that sought to strengthen their understanding of the role of parliament and establish a connection between parliamentarians and their constituents is “Parliament and Me”, a radio talk show co-hosted by the Catholic Radio Ecclesia and the American National Democratic Institute. Feedback from the project is that it was “difficult to get MPs involved”³⁵⁶. According to one of the programme’s initiators, these difficulties emanated from the general suspicion there is of INGOs, even though there were variations in MPs responses. For example, whereas MPs from Huila province seemed “open” to the idea of participating in the programme, others from Huambo were “extremely closed and difficult to work with”³⁵⁷. The other challenge was that MPs’ interest was “towards the party rather than towards the electorate”, and by the end 2010, towards the elections campaign³⁵⁸.

Another mechanism available for citizen accountability is the standing committee on “Human rights and citizen petitions, complaints and suggestions”, one of its nine committees³⁵⁹. But not even this committee engendered positive reactions. According to a couple of interlocutors,

“The committee does not work properly. You cannot request meetings, report or talk to them afterwards. There is no proper action from the parliament. There are many commissions on various issues, which is quite confusing”³⁶⁰.

³⁵⁵ Interview with senior Angolan civil society actor, Luanda, 4 August 2010.

³⁵⁶ Interviews, August 2010 and February 2013

³⁵⁷ Interview via Skype, 22 February 2013

³⁵⁸ Ibid

³⁵⁹ The remaining eight committees are on: constitutional and legal affairs; defence, security and internal order; foreign relations, international co-operation and Angolan communities abroad; local administration and local authorities; economy and finance; education, science, culture, religious affairs, sports and media; health, environment, social affairs and war veterans; parliamentary mandate, ethics and protocol.

³⁶⁰ Interview with Angolan lawyer and university lecturer, Luanda, 5 August 2010.

“Any citizen can go to the national assembly and meet the MPs and talk to them. But now when you go there, they are always busy whenever you want to meet with them. They say come next week, and then the week after...”³⁶¹

These apprehensions justify parliament’s status as one of the country’s least trusted institutions, and worse still, the total disillusionment there has been about the political system in Angola (see IRI 2003; IRI et al 2006; NDI 2006). In brief, people believed the social role of parliament to be quite minimal. Some held that the Angolan parliament is “an inert structure because it harbours a group of people seeking entitlements”, and cannot serve as “an arena where political change can be achieved” (Farinha et al 2004: 20-21; Shaxson et al 2008a: 30).

It is timely to review these perceptions in light of fairly recent developments that signal the advent of a new dawn in terms of the strengthening of parliament/opposition parties and their attempts at holding the executive to account. As a matter of fact, Angola’s parliament has become more proactive, taking the initiative by presenting “a number of ideas” on reforms of the political system, as well as proposing several debates on topics including corruption in government, transparency, respect for human rights and individual freedoms, poverty reduction and basic services delivery.³⁶² In fact, Abel Chivukuvuku claimed that his party, CASA-CE (*Convergência Ampla de Salvação de Angola-Coligação Eleitoral*), is “the most dynamic element within parliament with only eight members. Until today, we are the only parliamentary group that introduced proposals of legislation, proposals of government control and so on...”³⁶³

Parliament has become “more assertive” as well. On occasion, it has “sent legislative bills back”. In one instance, the controversial Press and Information Law had to be amended because the initial draft “gave more power to the executive to crack down on the opposition” and left open “space for a misinterpretation of article 34 of the constitution.”³⁶⁴ Furthermore, it is not unusual to see bills being thoroughly debated nowadays. When the law is related to oil exploration, “normally there’s a very heated debate about the time and space we’ll dedicate to the oil exploration, as our focus is to diversify our economy and break our dependence on the oil economy”.³⁶⁵ Noteworthy too

³⁶¹ Interview with Angolan transparency analyst, interview, Luanda, 10 August 2010.

³⁶² Interview with UNITA senior representative, London, 31 July 2013.

³⁶³ Speaking at Chatham House, London, 15 May 2013.

³⁶⁴ Angela Bragança, speaking at Chatham House, London, 12 May 2011.

³⁶⁵ Ibid.

is the remarkable intensity of parliamentary debates on the last two national budget proposals, as well as those on parliament's first ever approval of state accounts for the year 2011, for which only 14 out of 39 state departments reported their spending (on the latter, see McClelland and Soque 2013).

Another case worth mentioning is that of the refusal of the opposition parties CASA, UNITA and PRS to approve a Money Laundering Law on the grounds that it excludes from punishment past offences (Manuel 2014). Daniel Benedict, chief of PRS parliamentary group, maintained in addition, that his party could not vote for a law that is non-transparent and would exempt actors who have benefitted from the proceeds of illegal mining which accounts for a lot of the money that is laundered (ibid). The bill was eventually passed in late January 2014 by 144 votes in favour after FNLA sided with the ruling party, but there were 5 votes against and 27 abstentions.

In a few instances, opposition parties confronted the executive using the legal system. CASA for one, challenged the president's decision to create the FSDEA without prior parliament approval before the Constitutional Court. It was unsuccessful in its attempt to have the decision quashed, but "at least the debate was there"³⁶⁶. Its leader also maintains that it was CASA that forced the President to open up Kilamba Kiaxi, the new city that remained empty until the President initiated a programme in February 2013 to subsidise the cost of the new apartments in order to make it accessible and affordable to a greater number of citizens.

Another issue on which opposition parties have been forthcoming is that of the electoral process and transparency. UNITA, PRS, FNLA and Bloco Democrático (Democratic Bloc) lodged a complaint was lodged against the nomination of Suzana Inglês as head of CNE, which was only successful in a second attempt. In its ruling, the Supreme Court overruled the Superior Council of the Judiciary, agreeing that the nomination was illegal as Inglês, a close ally of President Dos Santos, was a lawyer and not a judge as the law stipulates. Pursuing the challenge further, UNITA asked for "full investigation and the prosecution of the president of the republic and 18 other officials, including his national security advisor, for seven crimes against the sovereignty of the people". It claims to have 123 pieces of evidence on electoral irregularities during the 2012 elections that it

³⁶⁶ Abel Chivukuvuku, speaking at Chatham House, London, 15 May 2013.

presented to the Constitutional Court in a case lodged against electoral fraud³⁶⁷. If a parliamentary Committee investigated some of its allegations of political interference and intolerance in Huambo,³⁶⁸ the judicial process was not that straightforward, as Samakuva recalls:

“The constitutional court had initially denied to receive the process but it was also illegal the way they had done it. So, we went back with a stronger argument and then they received it. So we actually have a case pending at this stage at the constitutional court”.³⁶⁹

In October 2013, the same Court ruled that parliament does not have the authority to hold inquiries into executive decisions; nor its members, the power to call for a public audience with members of the government or the president who, as head of government, “should only answer to parliament if he, by his own will, decides to do so.”³⁷⁰ In spite of this ruling, opposition MPs managed to get some concessions from the ruling party, with regard monthly public debates about relevant matters of national interest. After initially rejecting demands to do so in accordance to Assembly rules, the MPLA subsequently ceded and promised that these debates would begin in February 2014 (Angolan News Network 2014).

As demonstrated above, Angolan opposition leaders also have found alternative avenues - other than parliament - to keep the executive in check. The judicial system and above all traditional and social media have been useful in this regard. To illustrate, it is via a speech published online on his personal website and reproduced by other social media platforms including *Maka Angola* and *O Pais* - as well as by the weekly paper *Seminario Angolense* which was eventually silenced -, that Isaias Samakuva criticised the failure by President Dos Santos, to make his State of Nation address in parliament as laid down in the Constitution. More so, the content of the speech gave a taste of how forceful a stance opposition parties are willing to take in order to prove their credibility and viability as an alternative to the current government. The leader of Angola’s largest opposition party confined that:

³⁶⁷ Isaias Samakuva, Leader of UNITA, speaking at Chatham House, 29 April 2012.

³⁶⁸ Maria Ângela Bragança, speaking at Chatham House, 13 June 2014.

³⁶⁹ Isaias Samakuva, Speaking at Chatham House, 29 April 2012.

³⁷⁰ Rafael Marques, in an interview with Sahara TV, 26 November 2013

“The idea that the Angolans were left with is that the veil covering the fact of corruption in Angola was lifted and people no longer have any doubt over who is the mentor and defender of corruption in the country....”

To him, corruption is:

“When somebody in the role of the President of the Republic utilises public power to nominate his son as the lead manager of a sovereign wealth fund, without any justification; when he uses the government to deliver assets to his daughter to invest in private business and directs public authorities to interfere with judicial investigations of individuals suspected or to threaten and blackmail foreign governments only to protect private interests...”

In response to the president’s attack on Western interest in corruption in the Angolan government, and with specific reference to his take on investigations into money laundering and fraud involving top Angolan officials in Portugal, Samakuva stated:

“Europeans mention the corruption of African politicians not because they envy them but because African politicians chose Europe and America to store and invest the assets of corruption...There is no crisis in relations between Angola and Portugal ... There is only a crisis of values in Angola – in justice and in Angolan political institutions that resonates wherever Angolans claim to whiten the capital extorted from the public purse”³⁷¹.

Finally, the author recalls being told that the relationship between political parties and citizens has “improved and it is much better than it has ever been”³⁷². This can be gauged by events taking place in May 2012, when “UNITA called for a rally in one week and we had a massive adherence to that not only in Luanda, but in all [provincial] capitals.”³⁷³ The rally took place on 19 May and was the first time since the 1992 elections, that UNITA drew crowds far larger than MPLA in some provinces of Angola, including Luanda, to call for peace, electoral transparency and respect of the rule of law. Subsequent calls for mass protests have since followed in the same vein, in spite of the authorities’ heavy-handed responses. As the author will show in Chapter 10, MPs’ close cooperation with civil society has proved one of the most valuable elements behind today’s vibrant budget transparency movement.

³⁷¹ Isaias Samakuva, Speaking at Chatham House, September 2012

³⁷² Interview with UNITA senior representative, London, 31 July 2013

³⁷³ Ibid.

CHAPTER 10

THE ROLE AND CONTRIBUTION OF THE ANGOLAN CIVIL SOCIETY

“Civil society” is a complicated beast, full of conflicting particular interests and rife with individuals and organizations claiming to represent the general interest. Still, shared interests in capability expansion are broad and deep.”

Evans (2008: 16).

“The problem with “civil society” as an analytical concept, or even as a political ideal, is not that it is under-theorized, but that it is over-theorized. It leaves out very little.”

Fierlbeck (1998: 165)

Ultimately, this thesis is about how to bring about positive, transformative change to societies deeply affected by the negative impacts of oil extraction and production. But how possible is it to do so without an appropriate understanding of who should drive or drives that change, and how? Specifically, what is or should be the role and contribution of these countries’ civil society? As Acharya (2012: 1) remarks, there is a big gap between the marginalized conceptualization of the agency of local actors in the diffusion of transnational norms and the important role they actually play in their institutionalisation. Precisely in the Angolan case, as was noted in Chapter 8, the retraction not just of those INGOs specialising in extractives sector transparency but indeed the vast majority of international actors present in the country coupled with the lack of resources available for citizen and civil society engagement to push existing local social actors to redefine their roles and responsibilities in society, leading to the adoption of new and more innovative ways to increase their direct involvement in their country’s political life. Most surprisingly, this opened up political space for new actors to emerge. Who are these ‘old’ and ‘new’ actors, what are their motivations, how do they navigate this highly contested political terrain, at what price and for what outcome(s)? These are the main questions this chapter will attempt to provide answers to. Precisely, the chapter considers the processes through which the Angolan civil society has embraced and localised - redefined and contextualised - the transparency agenda (cf. Acharya 2012), and the lessons that emerge from these homegrown initiatives.

A general mapping of civil society actors and issues in Angola follows this introduction. Then, the chapter moves to an analysis of how the Angolan Church³⁷⁴ which has the longest history of supporting transparency in the country, has gone about promoting the norm locally, and what it achieved. The section finds that the achievements of this local civil society actor are most visible at the level of discourse, though it has waned recently for various reasons, including many highlighted in Chapter 8 that explored the role of GCS. Yet the third section uncovers an indirect outcome of the Church and GCS's advocacy work on ORT, namely, the affirmation of alternative understandings of transparency which is leading to incremental but real changes. It depicts the recent trends with specific examples. This finding reasserts the view that studying GCS's contribution to policy norm diffusion is not very meaningful without an understanding of the ways in which local NGOs relate to transnational actors (Acharya 2012: 1).

MAPPING CIVIL SOCIETY IN ANGOLA

As noted in the introduction to the thesis, advocates of ORT place enormous on faith on civil society's ability to demand accountability and drive change in their countries (see Idemudia 2010: 14). In Andrew Barry's words, "the purpose of those who promote the virtues of transparency is not just to address the lack of economic information, and to foster the development of a market economy, but also to address the lack of development of civil society" (Barry 2013: 62). Yet what exactly is meant by 'civil society' is a mystery; in fact, defining civil society has become "a political exercise all of its own" (Van Rooy 2004: 10). What counts as civil society, why and who decides? Writing on the "illusion of civil society" in Africa, Chabal and Daloz (1999: 17) conceive that the notion of 'civil society' "would only apply if it could be shown that there were meaningful institutional separation between a well-organized civil society and a relatively autonomous bureaucratic state." David Chandler too deplored a similar focus on the incapacities of Bosnian people as was highlighted in Chapter 8. He noted in particular perceptions of Bosnian people and society as "deeply sick", "feudalistic" or as "the flock" among INGOs and internationally-funded local NGOs, which he argued, necessitated that greater attention be paid to "the failing within international democratisation practice

³⁷⁴ Please note that the term "the Church" is used to refer to the 'institution' while denominations like "Catholic Church" or "Protestant missions"/Church denote the various groupings that comprise that main institution.

itself” (Chandler 2004: 240-41, 228). Even the author was advised by a Western extractive industries’ ‘expert’ not to “talk to [Angolan] NGOs”³⁷⁵ as though they are somewhat irrelevant to the debate of ORT.

While far removed from reality, this outright denial of the existence and denigration of civil society helps in identifying the main issues at the centre of contestations and contradictions of the concept of ‘civil society’. They emphasise debates on the “location” of this ‘civil society’, that is, its separation from the state and the market; its “organisation”, viewing ‘civil society’ as “a place of *organizations*, rather than loose constellations within society”; and as with GCS, its “inspiration” or moral high ground (Van Rooy 2004: 6-8; see also Mohan 2002: 2). Van Rooy (2004: 7-8) remarked:

“Of course, in real life, such distinctions can be hard to make with precision: Where do you put an organization founded by an entrepreneur whose family has great influence with the current government, and whose activities focus on promoting civic awareness among minorities? [...] Are unions part of the marketplace or of civil society? What about non-governing political parties? What about clans or kinship groups? [...] Are political parties in or out? Are business councils in or out? And what about groupings that are not really organizations in the Western sense, and certainly are not of voluntary membership, such as tribes, age-sets, or kinship groupings? [And] With such an array of virtue, how can one see clearly what is actually going on in the real world of power struggles?”

Like Chandler and others, Fernando Pacheco - a high profile and well-respected Angolan civil society advocate - laments the preference for the Westernised, professional and recognisable civil society in development thinking. In the Angolan context, he defined civil society in terms of their identity both as organisations and agents, including churches, NGOs, entrepreneurial and professional associations; labour unions and privately-owned media; cultural groups; opinion leaders; solidarity groups belonging to the informal sector; foundations, cultural associations, labour unions, peasants’ and youth organisations that “manifest their own dynamics and act like pressure groups”; and traditional authorities given their role in rural communities (Pacheco 2002: 55-56).

Vines et al (2005b: 2) however, foresee two major problems with this conception of civil society. First, they highlight the complexity that exists in the characterisation of

³⁷⁵ Interview, Coventry, 16 November 2011.

traditional authorities as 'civil society' given as they say, that "traditional authorities have been politically manipulated since colonial times, and they continue to be divided along political lines." The role of traditional authorities in Angola is indeed indisputable. One well-informed observer of Angola suggested that they not only held the balance in the rural areas in the 1992 elections, but that their contribution to the MPLA's electoral campaign in advance of the 2008 elections partly explains the downfall of UNITA. In effect, while in 1992 "the traditional chiefs were instrumental to each party in gathering support in rural areas", in 2008 things changed "because of the way the MPLA took control of the traditional chiefs, traditional authority has been effectively incorporated into the local administration which is indistinguishable from the MPLA." Therefore,

"[...] chiefs are now the local representatives of the MPLA in the villages, and no one is allowed to talk about politics except in the way that favours the MPLA. And in the village, there is no way you can hold a different opinion. All kind of public knowledge and public discourse are communal property in the village. So, it was partly the MPLA using the chiefs to keep control on things, make sure that no opposition activist was able to campaign in the village, which was another thing, and also sheer bribery: the MPLA would come with a motorbike for the chief and maybe some bags of grain..."³⁷⁶

Still, while the basis of the argument on why traditional authorities may not representing 'society' offers an objective depiction of politics in Angola, the concern itself only reflects the point made above about the general unease there is around so-called "unethical" parts of civil society even among Angolans. In the past, this includes civil society actors who take up parallel employment. The extent of the challenge was revealed recently by World Learning's recent mapping of civil society in Angola (World Learning 2010). The INGO found that 76.7 per cent of Angolan civil society actors work in the public sector, 19.9 per cent have private sector jobs and 3.5 per cent undertake work in the third sector. It observed that while parallel employment constitutes a factor of organisational weakness of the Angolan civil society in terms of human resources, it also means that many have better technical capacity to go about implementing the necessary projects. These dynamics suggest that international actors have to trade carefully in order to avoid sidelining Angolan transparency activists who may have the passion for activism but rely on private sector employment (mostly in the oil services industry) to survive as they did in the past.

³⁷⁶ Interview, London, 20 April 2012. See also Schubert (2010: 666).

The second question that concerns Vines and colleagues relates to the inclusion of party-affiliated organisations in Pacheco's conception of civil society. As they observe, "this raises a complex question in an Angola where the state has been so powerful and able to permeate many aspects of society or repress those it has seen as threats" (Vines et al 2005b: 2). The issue here is mainly one of civil society pressure and of attribution of impacts. In short, how possible is it to distinguish between instances where societal change occurs because of civil society's direct actions from those where change is driven by civil society pressure through more powerful actors such as, say MPLA structures at the provincial or municipal level as was the case with the "Millionaire Garden" in Chapter 9? In the latter case whom are the outcomes of the intervention attributed to? This is essentially an open ended question that the dissertation will not address, if not indirectly in the fourth section by providing the reader with some pointers on what happens when civil society does take a leading role in development.

As elucidated on in Chapter 8, a third challenge to the conceptualisation of identity of civil society has to do with what constitutes "local" civil society and "international" civil society. In the case of OSISA, one respondent distinguished a "local" from an "international" civil society in terms of the identity of key decision-makers and the organisation's agenda. Put simply:

"It is important to distinguish that Open Society, while being an international organisation, has in Angola a very national face in the sense that the staff, in terms of strategic thinking, is totally Angola; priorities are defined by Angolans, and so on. It is a combination of international but with a strong Angolan face [...]. Of course, some of the staff is not Angolans, but these are not the staff defining the agenda; the agenda is really defined by Angolans."³⁷⁷

This question posed itself with regard to DW Angola as well, though this time the emphasis was not on the staff, but on the organisation's territorial coverage and the period of activity in the country. As another interlocutor put it:

"That's an easy one. In the case of DW, its name is DW Angola. It's not DW England, when it began there was no possibility to have local organisations registered, only international organisations. At that stage, it was the first to be registered, and it was in part for the solidarity with the MPLA and issues like that. [Its director] is Canadian, has been living in Angola for the last 30 years, just. But

³⁷⁷ Interview with Angolan Dominican Priest, London, 5 July 2012.

apart from that, you could define it as local [...]; it doesn't extract money from anywhere and it accounts for revenues and activities across Angola."³⁷⁸

These brief comments give the opportunity to clarify that in this context, the key determining factor was the origin of OSISA, which is treated in the dissertation as a US INGO since it originated in the US.

On the specific functions of civil society, Pacheco appears to see civil society as a "pluralistic space whereby associations act as transmission belts between the individual and the state" (Mohan 2001: 3). Specifically, he identifies four types of civil society organisations in Angola that function as (a) conduits of the state; (b) complement to the state's actions; (c) a substitute for the state in certain critical sectors; and (d) watchdogs that are "critical of the State and its institutions" and are contributing to "weaving nets and complicities that shape possible alternatives to power, in line with certain social movements that embodied political parties in Latin America." While connotations of 'government' are often left implicit in debates about civil society, in Angola, specific examples of collaborative or constructive engagement with government means. In brief, it means supporting the executive, by "working critically, constructively, to ensure that [it] does its job so that the US\$40 billion [budget] or a good chunk of it does to address the needs of the poor."³⁷⁹ It also means working to ensure the effective functioning of the judiciary by creating awareness on constitutional matters³⁸⁰. Finally, it equates to supporting MPs by providing

"[...] a basis to support their position, argument. I am not an expert on the budget but when we have debates on the budget or food security, I can combine the research that has been undertaken to construct my argument. It does not happen in the national assembly."³⁸¹

The grounding for this perspective is laid out in Teka (2008: 68). In this analyst's view,

"NGOs concur that the state should lead the development the nation-building process [...]. The public sector is viewed as central in the creation of the supportive bases the country lacks for sustainable development. However, NGOs posit that such a state-led framework should be participatory, accommodating of both

³⁷⁸ Interview with Western civil society actor, London, 18 February 2013.

³⁷⁹ Interview with African INGO representative, Luanda, 10 August 2010.

³⁸⁰ Ibid.

³⁸¹ Interview with senior Angolan NGO official, Luanda, 4 August 2010.

the civil and private sectors given the state's weakness in soft and hard capacity and its historically intransigent politics."

According to the same author, this position reflects the extent to which civil society's function has been remoulded from an "anti-statism watchdog" status to one that is "more complementary to state" (ibid: 45). However, as Pacheco (2002: 56) himself acknowledged, the concern often is how these organisations should cooperate with the government, and to what extent, in order to avoid criticisms that they are being co-opted by the government, or to paraphrase Chabal and Daloz and others, avoid being seen as an integral part of the MPLA's neo-patrimonial networks. Should they take a concerted/uniformist approach or a pluralist one? Teka (2008) sided with those who believe in the need for a non-uniformist yet common vision; whilst in Macedo's (2009: 119) view,

"This disguised and apparently well-intentioned initiative to promote unity is a great threat to the Angolan democratic constitution [...]. Pluralism of expression and of political organisation aims to guarantee that various interests, rights and aspirations, even of minority groups, are taken into consideration through public debate, public demonstration and other democratic means."

After mapping out a few key issues of critical relevance to the examination of civil society in Angola, it is now time to review the contribution of the Angolan church to the institutionalisation of ORT in this postwar era. As explained in Chapter 8, the Church has played a vital role in building and establishing the "moral case" for ORT (Van Orange and Parham 2009: 36). It is the objective of the next section to assess what it did, how and to what effects.

GOD OR POLITICS? THE CHURCH AND ORT IN ANGOLA

None of Angola's 302 NGOs has played as critical a role as Church affiliated organisations in the institutionalisation of ORT in postwar Angola particularly in the run-up to the 2008 elections. The reasons for this will soon follow in this account which draws from interviews and reports by key individuals that were either heavily involved in the processes described subsequently or closely watched and studied them with a keen interest. But how did we arrive at that?

The Role of the Church in War-torn Angola

One Angolan Protestant pastor explained that “to understand the role of Churches in Angola, one needs to revisit the role that it played during the colonial period.”³⁸² In doing so, one should begin by noting that the Church has always had an ambiguous role in society, not least because “you find the Church on both sides”³⁸³. Protestant missions played a critical role in the ‘enlightenment’ of the masses; they were “the principal fora in which the Angolans could express their aspirations and work for the achievement of their goals” (cited in Vidal 2009: 30). Their work is most evident in rural areas, in the North in particular, where they had appeared long before colonial rule and seemed to be “much at odds with the Portuguese authorities” (Newitt 2007: 69). But their role was “circumstantial” since they were almost always in opposition with the Catholic Church which was seen as the “Church of the colonial state” on the grounds of its participation in the implantation of colonialism and the “Portugalisation” of Angola³⁸⁴.

According to this account, it was therefore not a coincidence that anti-colonial sentiments took root in rural areas, that the anti-colonial war was waged for the most part in those areas, and also that the three rival revolutionary factions – the MPLA, FNLA and UNITA – emerged and developed from within Protestant missions. Yet, one should not be oblivious of the fact that by “supporting” these three movements, Protestant missions actually reinforced ethnic and tribal differences:

“Agostinho Neto [*leader of the MPLA*] was Methodist, Olden Roberto [*leader of the FNLA*] was Baptist and Jonas Savimbi [*leader of UNITA*], was Congregational. And it's true that these three denominations were the most important in terms of [...] influence. And you know [...] the country was divided the same way that Chevron and others run their business: if Shell operates this bloc, Chevron will be in another. So, Baptists were in the north where you find Bakongo; Methodists were in the north central where Kimbundu are found; and Congregationalists lived in the south central where the Ovimbundu are located. These are the three biggest tribes [...]. Therefore, there's been a political orientation even in the actions of the Church.”³⁸⁵

A 1984 document indicates in effect that the Church was deeply concerned by foreign missionaries’ evangelisation methodologies, which were such that “historical differences

³⁸² Interview, Luanda, 14 August 2010.

³⁸³ Interview with Angolan Protestant pastor, Yaoundé, 18 August 2010.

³⁸⁴ Ibid.

³⁸⁵ Ibid; emphasis added.

between ethnic groups became religious differences and subsequently political differences, when the nationalist parties emerged from within these ethno-religious identities” (Comerford 2009: 164). It is these internal divisions, along with the colonial regime’s ‘divide and conquer’ policies, that engendered the “lack of unity” the Church saw as the “determining factor slowing down the search for peace, for justice and development” (CICA 1984 cited in Comerford 2009: 164).

One defining moment in the history of Angola and the Church’s political engagement was the alleged coup in May 1977 which was described in Chapter 3 as one of the main sources of the culture of fear and self-censorship that has since prevailed in the country. These events were described as “*une bonne malchance*” (or a “good bad luck”) illustrating the paradoxical effect they had on (a) the relationship between the Church and the state, and (b) the relations among churches themselves³⁸⁶. Specifically, the Methodist Church went from occupying a privileged position in the socialist state – precisely because of the links established previously – to being segregated, as perceptions of churches, religious groups and personalities within the political elite changed dramatically, from them being seen as collaborators to being treated as potential enemies. Radio Ecclesia, the Angolan Catholic Radio was banned and nationalised in 1977 and was only allowed to broadcast in Luanda in 1992 (Marques 2014). These types of restrictions on the Church and society in general combined with the heavy-handed approach of the MPLA to influence the attitude of churches on political questions, thereby leading to the treatment of the “political” as taboo³⁸⁷.

Simultaneously, the shift to Marxism-Leninism that followed facilitated the separation between Church and State, allowing the Angolan Churches to unite. Reflecting this unity is the creation in 1977 of CICA, the *Conselho das Igrejas Cristas de Angola* or the Angolan Council of Christian Churches, which is an umbrella organisation that comprises 22 members, including non-Catholic and Protestant churches (Jensen and Pestana 2010: 4). In 1999, CICA joined CEAST, the Catholic Church’s Episcopal Conference of Angola and Sao Tome and Principe, to form COEIPA, the Ecumenical Peace Committee that led the peace process. In sum, therefore, this unity then allowed the churches to put a united front in the construction of the public sphere and peace narratives during the civil war in the 1990s, though with a slight difference on each

³⁸⁶ Ibid.

³⁸⁷ Ibid.

individual church's theological conception of the civil war: from CEAST's definition of the civil war as a "genocide" to Protestant churches' interpretation of the war as "an unjust and fratricidal war" (Comerford 2009: 176-77).

It appears that these reflections were influenced by, or at least tracked alongside two trends. The first was the combination of state fragility and the presence of humanitarian agencies between 1992 and 1999, which helped create the conditions for the emergence of a new and more independent Angolan civil society whose work would be on humanitarian aid, human rights and, as in the case of the church, peace-building (Pacheco 2006: 2; Amundsen and Abreu 2006: 3). As one interlocutor put it, "with the footprint that international organisations were able to leave in Angola, local civil society organisations also started to grow up."³⁸⁸

The second trend relates to reflections taking place within and among churches. Pastor Luis Nguimbi, Chairman of the Christian Forum of Angola and former Secretary General of CICA recalled that reflections within CICA before the 1990s revolved around the role of the Church. On this subject there were three main positions. One position espoused the idea of the Church as "more heavenly than an earthly institution", arguing that it could "exercise a humanitarian role in support of the needy from a charitable perspective, but not as politically aware activists." A second grouping believed that the primary duty of the Church as an institution was "to gain souls for Christ": "they saw politics as a necessity, reserved exclusively for those trained in the subject, thus ensuring a clear separation between politics and the Church." A third group thought that "in spite of the mission to evangelise, the Church was obliged to contribute to the greater society, part of its mission being to guide people in defining policies that promoted the well-being of all" (Luis Nguimbi quoted in Vidal 2009: 29).

These divisions notwithstanding,

"The churches collectively and consistently argued that dialogue represented the best way to achieve lasting peace [...] Democratisation was seen perhaps in an idealised way, as the surest means to consolidate peace in Angola, and provide the proper forum where ethnic differences could be addressed in a non-violent manner" (Comerford 2009: 177).

³⁸⁸ Interview with African INGO representative, Luanda, 10 August 2010.

The Church sought to engage on the definition of post-war reconstruction as well, but without much success, partly because of the failure of the peace process to include civil voices. Indeed unlike in Namibia, Mozambique and South Africa where peace came through a negotiated settlement, Angola is an “unusual post-conflict setting”³⁸⁹ in which transition from war to ‘peace’ was the result of a clear and definitive military victory by the party-State. The 2002 Luena peace agreement, like its antecedents, was only an affirmation of “the rights of the most powerful” (Nzinga 1999: 7) and of the legitimisation of the exclusion of other political and social actors which was set in motion in previous peace processes. More importantly for civil society and the peace movement led by churches is the fact that Luena exposed their limited ability to convince the MPLA government that a negotiated peace settlement, as opposed to the military option, would bring about ‘peace’ thereby demonstrating their irrelevance in Angolan politics (Vines et al 2005b).

Where the Church succeeded thereafter, the Catholic Church in particular, was in raising the profile of the question of economic justice and transparency. Following are an outline of the actors involved in this advocacy work, of the ways and methods employed, and impacts.

The Church on Transparency and Economic Justice in Postwar Angola: Actors, Actions and Impacts

From the Catholic Church perspective, as noted previously in Chapter 8, two key Church affiliated organisations played a critical role in raising awareness on the question of transparency and economic justice in Angola. The first, CEAST, is regarded as a major actor in relation to “internal pressures on transparency issues”. In 2004, it delivered its first pastoral letter *The Path Towards Hope* and created an Economic Justice Unit within CJP, a “timely initiative that assisted in monitoring revenues from the oil and diamond industries”. A second pastoral letter *For Economic Justice* followed in October 2006, calling on the government to “actively participate” in the EITI (Comerford 2009: 183). CJP’s, the second organisation, had a valuable input in the campaign especially in the area of budget transparency notably through its participation in IBP’s budget transparency surveys from 2006-2010, and its release of a detailed analysis on the oil

³⁸⁹ Interview with Western INGO official, London, 24 July 2009.

sector in Angola in 2008. It is listed too as one of the organisations to have played a key in discussing electoral legislation and increasing political tolerance in the run up to the 2008 elections. A third group, the Dominican Congregation's Cultural Centre Mosaiko created in 1997, had an indirect contribution though its promotion of human rights issues, particularly relating to land rights, at the grassroots level. The thinking behind this focus was that "people on the ground are the ones who are really faced the duress of life, problems, and so on, and they are the ones best placed to voice their own concerns and their own problems."³⁹⁰

Jensen and Pestana (2010: 13) observe that one of the main characteristics of the landscape of churches in Angola is between the unity of the Catholic Church – due to "its hierarchical structure with all bishops being appointed by the Holy See in Rome" – and the diversity of the Protestant churches which is "profound and rooted both in the missionary tradition as well as interdenominational strife and discord in the process of choosing church leaders." These divisions partly explain why the Protestant Church did not engage much in the question of transparency and economic justice, if only perhaps indirectly through the Evangelical Congregational Church (IECA) – the most significant protestant church in Angola (Jensen and Pestana 2010: 11) -, its involvement in the preparations for the 2008 elections and its membership to *Socio-Political Observatory of Angola* (OPSA) (ibid: 24). As one key source reflected,

"There were no declarations on socio-economic justice, whether in the theological language or in the theological training. The Catholics have that advantage. Somebody said that the problem with us Protestant is that we protest against everything. The only thing we did – actually that I did as an individual and not as a member of the Church – was to sign the declaration on the Angolagate."³⁹¹

This informant attributed this lack of initiative on the part of the Protestant Church to contextual factors, and the way in which the Church interpreted its role in that context. He noted:

"The separation between Church and State equates to 'not knowing'. And seeking to know is loving politics [...] politics is when you criticise; and not doing politics is giving praises."³⁹²

³⁹⁰ Interview with Western INGO official, London, 24 July 2009.

³⁹¹ Interview with Angolan Protestant Pastor, Yaoundé, 18 August 2010.

³⁹² Ibid.

One consensus in Angola is the Church's efforts have been minimal beyond the level of discourse. Analysts cite the 2008 elections as a major driver against reforms in the Catholic Church (Croese et al 2011). Other constraining factors include the receptivity to the issue of transparency, self-censorship, government's 'co-optation' of church leaders, lack of funding and capacity issues. Analysts noted that in the run up to the 2008 elections, CEAST became "a careful actor, conscious of its position in Angolan society and the political sensitivities involved in advocacy". The overriding priority of the Church, it seems, was "to get through them in a peaceful manner, as a step in the normalization of a democratic process in the country" (Croese et al 2011: 72). Moreover, the Church was confronted with a lack of capacity and difficulties in retaining key staff:

"Many people who are competent and voicing their opinions in a very critical way are very vulnerable to offers made by the government. This is for example the case with the [CEJP] of the Catholic Church. It had some young people whom, considering our context, were competent considering [...] but they have been co-opted by the government. You have some of them being national directors of this and that."³⁹³

The other challenges the Church encountered are leading to challenges to its legitimacy. Officially, the Church is the most trusted institution in Angola and most representative of the people, even though "there were times in the colonial period when the Catholic Church was not part of civil society" (cited in Vidal 2009: 31). The Catholic Church alone has more than 13 million members and is present in all 18 provinces of Angola (Jensen and Pestana 2010: 12). Its legitimacy also stems from the fact that it "has been for a long time, the only voice denouncing injustice."³⁹⁴ Yet it would seem that the Church has not lived to expectations as the levels of poverty in the country demonstrate, according to this source:

"I believe that the Church has got power and authority. Are they using it? That is a different question because the majority of the Angolan people are Christians and they got to Church but are the most poor and impoverished people, and completely excluded and marginalised. Does the Church speak on their behalf? I think no because these people have no water, no electricity, they have no sewage system, poor health and education and so on. Does the Church really work for these people? I would say no, and sometimes I feel that leaders of the Church themselves have become an elite and don't really identify themselves with the real problems. They speak on behalf of the poor but don't live what the poor live. And you know in Angola, the Church in Angola is closer to the

³⁹³ Interview with Angolan INGO representative, 16 December 2010.

³⁹⁴ Ibid.

government structure and systems than to the real people that they pretend to represent. How can you administer to a congregation of people who don't have water or electricity, no health for the health system is completely in decay? They cannot afford to go to the mushrooming of private health clinics and private schools that is taking place in the country."³⁹⁵

During a 2004 conference on *The Process of Transition to Multiparty Politics in Angola* (Vidal 2009) organised in Luanda, a number of commentators reflected the same feeling:

"[In] Benguela, Malange and Luanda, all the responses except one considered that churches are not [civil society organisations], in so far as they are hierarchically organised, dogmatic and not democratic, though they have their role in the public sphere, articulating and mediating social relations and promoting social justice."

"What is CICA doing to return to the vision of the Church as an organisation where people have access to material goods? Which COIEPA projects reduce social injustices, such as the demolition of houses and death of street sellers? Recently we witnessed a massacre, but saw no comment from a religious leader."

Recent incidents involving the Church contribute to fuel distrust among the Angolan people. These include revelations about Catholic Church-linked forced evictions which forced Pope Benedict XVI to intervene during his visit in Angola in 2009 (see Amnesty International 2007). Similarly, Radio Ecclesia (owned by CEAST) has recently faced accusations of self-censorship, after unjustifiably cancelling programmes which encouraged live debates and firing some of its staff. These incidents apparently occurred soon after MINFIN deposited US\$50,000 in an account belonging to the radio (Marques 2014).

In a sense, the foregoing analysis about the limited roles of Angolan civil society in the institutionalisation of ORT in Angola justifies going beyond accountancy or beyond ORT to identify and highlight what may be absent or hidden from current debates and can shed light on the ways and extent to which actors can bring about positive change in Angola. The following section attempts to highlight some of these positive experiences by looking into specific instances of civic-driven change in Angola.

³⁹⁵ Interview with Angolan Dominican Priest, London, 5 July 2012.

BEYOND ACCOUNTANCY: CIVIL SOCIETY AND CITIZENS LED INITIATIVES IN ANGOLA

During the course of her field visit to Luanda in August 2010, the author was given various examples of civil society gains that were showcased to help make the case for the existence, growth and indeed sophistication of an Angolan civil society. These initiatives are worth discussing herein for the possible lessons that can offer about the drivers and process of change in Angola. Among the most important initiatives listed were Maoes Livres' and AJPD's contestation of arbitrary arrests of political prisoners and promotion of human rights through the training of police officers, publications and direct engagement with the judiciary. The overriding vision of such projects is "how we enhance change in thinking at the governance level, as well as at the level of the citizens."³⁹⁶ A second example was that of civil society activism against the lack of transparency and accountability surrounding the allocation of US\$350 million to "Aldeia Nova", a small project based in Waco Kungo (Kwanza Sul province) and aimed at integrating 800 families who fled from the community during the civil war. The allocation of government funding was supposed to be in support of small scale farming and the diversification of the economy. But civil society organisations questioned both "the investment of so much money" to such a small group of returnees, and the developmental model the project was based on, which in their view, was

"[...] one based on the commune system of the Israelis. We call it 'intensive development zone'. That is their way of thinking. So, we challenged that and now the government is now trying to spread out the benefits."³⁹⁷

A third positive experience came from a project that was adopted in 2009 from Norway's OfD programme and was funded by the Norwegian Embassy in Luanda which had been "motivating civil society organisations to discuss issues of transparency"³⁹⁸. The main rationale behind the project was formulated as follows:

"Oil is offshore, and does not directly impact on the way people in Moxico or Luanda conduct their lives, it does not impact directly on the farmers in Malanje. But oil belongs to the Angolan people, offshore is part of the Angolan territory. We feel that the way the oil money is used is important for the prosperity of Angolans. Therefore ADRA and NPA formulated a plan of action to ensure that civil society

³⁹⁶ Interview with African INGO representative, Luanda, 10 August 2010.

³⁹⁷ Ibid.

³⁹⁸ Interview with Angolan NGO official, Luanda, 13 August 2010.

organisations are able to have an input in the way that the national budget is prepared, and is monitored, and that is the basics for our oil-for-development programme. Now, this is a new thing, because the technocrats who are in government still feel that it is their main responsibility to ensure that the money is allocated to different sectors and regions of the country and is none of the business of the civil society organisations to question this funding. But I think we are reaching a common ground that after all, civil society organisations are part of this greater society of Angola, and therefore they have a say in the way the money is allocated.”³⁹⁹

The project appears to have impacted on the education reform conducted by the government since 2003, and budget transparency which was taken up by OPSA and ADRA following the lack of interest of the Catholic Church in the issue after the 2008 elections. In 2013, the allocation of the budget to the education sector increased from US\$38 billion in 2012 to US\$78 billion, an increase which Hon. Adão do Nascimento, Angola’s Minister of Higher Education attributed to Angolan CSOs’ activism during a Chatham House meeting in January 2013. For CSOs, this increase would mainly serve to “increase capacity building efforts and buy materials not only for the teachers, but also for the students for more classrooms.”⁴⁰⁰ The choice of this specific aspect was influenced by action research, existing expertise, dialogue with other organisations which took place notably during a national conference on the topic, and more importantly, because of the challenges persisting in the sector despite government’s interventions:

“[...] you can find children in grade 6 or 7 without being able to read or write. This reform educative says that in each classroom, there must be only up to 35 students; that teachers must be trained and be able to teach but you find in classes more than 60 students, teachers who are academically prepared but don’t have pedagogical education. So, we saw that the government gives many expectations to the populations, saying that things are running well, but when you go to the field, you see that these expectations and discourse are not really met in practice.”⁴⁰¹

The other aspect of the problem was with budget execution at the Ministry of Education, or the fact that:

“[The Ministry of Education] can finish a whole year without receiving the whole money [from MINFIN]. Like last year [the government] allocated 10 per cent of the budget to the education, but [the Ministry] didn’t receive it all. So we have

³⁹⁹ Interview with African INGO representative, Luanda, 10 August 2010.

⁴⁰⁰ Interview with Angolan NGO official, Luanda, 13 August 2010.

⁴⁰¹ Interview with Angolan NGO official, Luanda, 13 August 2010.

been undertaking this project to involve more people, at least listening to the ideas that they have on what their feelings are, and which priorities they should pay more attention to.”⁴⁰²

A third challenge emanates from the government’s approach to the reforms, that is, the fact that the project “comes from up to down: When you talk to the teachers, they say that they don’t know anything about this project. This is a project which was drawn by other people and given to the teachers to implement. This is one of the reasons why this strategy is not working perfectly.”⁴⁰³ To go about its activism, civil society engaged government officials in projects:

“When we are doing a project, we send them a letter explaining the nature of the project and asking for two or three people to work with us in the drawing of the project. We think that this is best way of doing advocacy rather than the type of advocacy which involves people boxing all the time. We try to do things with them, essentially within the network we call ‘Education for all Coalition’ which our organisation is a member of. Maybe this is how to develop the discussion on transparency. We always do our best to work with mass media, the radio, newspapers; we also use meetings with MPs, with ministries, and also involve members of other civil society organisations. Basically, this is what oil for development is all about.”⁴⁰⁴

Besides this account of the actions, actors and processes contributing and driving reforms in the education sector, several interlocutors highlighted the work of ADRA and OPSA - a group of prominent members of civil society, MPs and a constitutional judge - on budget transparency, which as described in Chapter 8, draws from the Catholic Church’s advocacy on the matter. Since 2010, this collaborative work has produced five policy papers examining specific aspects of the national budget, including budget allocation to social sectors (education, health, agriculture). In December 2009, the author was told that this group organised a seminar just before the approval of the national budget to “comment and give our own vision” on the budget⁴⁰⁵. According to this source, the idea was “for everybody to understand that it is the rightful duty of the citizens especially represented by the civil society organisations, to say something about the budget; that it is kind of a patrimony that belongs to Angolans.”⁴⁰⁶ The coalition is said to have net-

⁴⁰² Ibid.

⁴⁰³ Ibid.

⁴⁰⁴ Ibid.

⁴⁰⁵ Interview with African INGO representative, Luanda, 10 August 2010.

⁴⁰⁶ Ibid.

works of community organisations on the ground that are “monitoring the projects that are on paper, if they are not done”, basically to “verify how the money is being used.”⁴⁰⁷

Work on budget transparency is particularly illuminating as it gives credence to the author’s theory that the problem with ORT in Angola has been one of local resonance with the idea particularly due to its complexity and focus on oil, a substance whose monitoring by the people and some of the country’s governors brings several challenges. Indeed, these are the very points that this next source highlighted in his account of how and why incremental and progressive changes were possible through work on the budget rather than oil:

“When that understanding [about the challenging operating environment] gradually sank in a few years ago, I started changing my focus much more to budget politics; it is *much easier for civil society organisations to influence things*, and it also offers better and simpler tools for them to use in this regard... I mean, it was not easy, but it was definitely easier than oil because *with oil you have access to nothing!* Sonangol is just very close and you don’t have access to it... For the budget stuff, it has been *a gradual process* because at the beginning there was very little information available. It is also something that has to go to the National Assembly so you can do your work well enough; you can define members of parliaments that would be willing to share the budget report with you. For example, for many years there was a problem that the budget proposal was not made public and it was not made public when it was handed to the National Assembly. It was still not considered public and so, it was difficult to get access to it. When you search, get to know the right people, it is actually possible to get access to these things.

There are also just *simple things you can do with budget work*: you can look at the expenditure side, you can quite easily find figures on how much goes to education, and it is quite easy for an organisation to say that it is really silly that we spend only 6 per cent of public money on education, and 15 per cent on national security, or whatever it is...

The research is not too complicated. You can look at accessibility and transparency of the budget transparency... For example, we participated in the Open Budget Survey, and I think the first time we did that was way back in 2006. It was unheard of to do work like that in Angola but it was actually pretty easy because for most of the questions I could say no because it was not accessible. So, it was a pretty easy piece of research, but the findings were very strong because it continued to push, or rather it pushed the ministry of finance on ‘why is this not public? It really is unbelievable that Angola is the only country in the world where the executive budget proposal is not made public. Why is that? And it can save you I don’t know how many points of this ranking if you made it

⁴⁰⁷ Ibid.

available and it is not a secret document anyway'. Everybody knows that you can put your hand on it; it is just that you cannot do it officially."⁴⁰⁸

Finally, one could not discuss the role of civil society in governance and transparency without referring to the DFID-funded LUPP project. Whereas the foregoing projects took place during this postwar period, the story of LUPP is one of the most important and insightful in the history of civil society participation in governance due to (a) its approach to the "creation of 'spaces' for community dialogue and for citizen-state exchange" (Care 2006: 20); and (b) the broader lesson emerging from the project, that:

"[...] you don't have to wait for peace or democracy. You can and are able to evolve expectations and practices around the issues of transparency, accountability and governance. If you develop those expectations over time, people expect that not only of water communities but more broadly. But as much as having more transparent and accountable approaches to governance within that community, of the provision and development of that community water, at the same time you have a process of developing more expectations more generally of transparency and accountability about stuff, about life."⁴⁰⁹

From a project that evolved organically in Luanda's neighbourhood committees and was organised by citizens around the provision of access to basic services such as water and health in the early 1990s, LUPP had become a major influence on the discourse and politics around participatory planning and governance by 2010. In spite of an overall democratic deficit in the country, it generated "upwards pressure that citizens, organisations and networks should be involved in this process [of service delivery and governance]".⁴¹⁰ It is widely cited as the main origin of the Law on Local Organs of State (Law 2/07) that was listed in Chapter 4 as one reform initiative of utmost relevance to resource governance in Angola. Another achievement, according to this informant, was the rhetoric around the campaign against urban poverty. As he recalled:

"From 2002-2008, a whole range of incredible events. 2 years running on UN day against poverty, there were big events in the national parliament saying that urban poverty is a bad thing and of course we are all against it [...]. So, the language that came up at that time, the campaign against poverty, some issues to do with accountability, the commitment to the jobs, the commitment to the famous million houses, came out of that sort of process. Not exclusively but there were enough people involved at the local and through the MPLA, through the commit-

⁴⁰⁸ Interview with former CJP's insider, 5 September 2012; emphasis added.

⁴⁰⁹ Interview with former Western LUPP insider, 18 February 2013.

⁴¹⁰ Ibid; emphasis added.

tees and so on who felt it completely essential because you had national assemblies of water committees at that time.”⁴¹¹

Although LUPP was initially “designed by DFID” (Earle 2011: 15), its leverage was possible due to its unified message, strong marketing to national and international audiences, inclusivity of community residents, but above all, great government receptivity. The previous interviewee recalled, for example, the involvement of “local government officials who are very frustrated; don’t have resources; who feel personal embarrassment and upset that they can’t provide what they feel they should be doing and are happy to work in partnerships.”⁴¹² In short, as a 2006 report remarks:

“LUPP leverage has been possible because of the perception of LUPP as a national (Angolan) rather than international programme. This has facilitated engagement with GoA, enabling a lack of defensiveness on its part and a more ready acceptance of new ideas. This is particularly important in the post-conflict context when the government is having to shift gear, change the culture of government to adapt to a peace-time administration, to focus on service delivery, and, in particular, engage with and adopt new ideas and skills” (Care 2006: 11-12).

In sum, in spite of the challenges that civil society faces in Angola, these positive experiences prove that they have not been passive recipients of international norms but rather, that they sought to localise these norms in their own ways, so as to make them relevant to their circumstances and context. It is believed that these arenas of increased civil society activism can serve as indicators to the possible windows of opportunity that may exist for civil society and citizens to influence public policy and effect change. The broader lessons from both these experiences and the limitations of the global ORT campaign in Angola are brought together in the conclusion.

⁴¹¹ Ibid.

⁴¹² Ibid.

CONCLUSIONS

“Truth often fails to lead to Justice.”

Fox (2007: 663).

“Honesty and transparency make you vulnerable. Be honest and transparent anyway.”

Mother Theresa.

Almost fifteen years after the first call for the global oil industry to embrace full transparency in Angola, many observers continue to qualify Angola as “non-reformist” and inherently corrupt. The overwhelming view is that set out by Christine Messiant, that changes taking place are merely “cosmetic changes” to disguise the regime’s true nature (quoted in Vidal 2009: 6). Even some large IOCs have argued that legislative measures to force them to disclose oil data should exceptionally exempt their operations in Angola primarily because, as they argue, Angolan legislation does not allow for such disclosures. Interestingly, this “non-reformist” attitude is measured by Angola’s notable absence from EITI. These perceptions are typical of assessments of Angola’s ORT practices in Angola which have centred mostly on the “operationalisation” of transparency as “information availability” (Christensen and Cheney 2013: 1), framing them around information discrepancies and corruption scandals deemed to prove that ORT is not only effective, but that it might in fact produce other types of opacity in the oil industry and beyond.

The purpose herein was not to dispute these arguments but on the contrary to examine them in some depth so as to get close to the truth or truths about the rise and effects of the transparency turn in the Angolan oil industry. To be more specific, this doctoral research aimed to lift the lid on the transparency ‘black box’ by studying how ORT reforms have been implemented in postwar Angola, what the motivations for this institutionalisation is, what its outcomes are, and the possible explanations behind these effects. The author sought to achieve this goal by scrutinising the content of the ORT reform agenda implemented throughout this postwar period and providing a critical analysis of their implementation so as to appreciate the type of transparency that is at

play in the country. Ultimately, this analysis necessitated that one looks closer at the roles that key “insider” and “outsider” proponents (Acharya 2004, 2012) played in the institutionalisation of ORT, as an alternative to the predominantly statist analyses that underpin the literature.

The second objective was to investigate the assumptions and principal normative rationales underpinning the current transparency turn in the oil industry, globally and locally; and the third, to evaluate what outcomes these policies have led to so far, and lay out the possible reasons that might help explain them. Hence more than identifying the possible drivers working in favour or against reforms, and solely undertaking an analysis of transparency as information, the study adopted Gupta and Mason’s (2014) approach by (a) showing how the normative rationales identified intersected with one another so as to condition the design, shape and record of specific policies; and (b) exploring whether and the extent to which ORT informs, empowers and improves the conditions that seem to be causing the so-called ‘resource curse’. The questions, therefore, were: who does ORT inform and about what? Who does it empower, and how? And what does ORT actually improve? It was a matter of building on the empirical data generated through this examination of ORT in Angola so as to draw broader conclusions on the difficulties of operationalising ORT more broadly.

Previous chapters contain findings that are relevant to all these issues and it will not be appropriate to repeat them all here. This concluding chapter specifically deals with this last objective. Precisely, it aims to answer the foregoing questions by summarising key findings regarding Angola’s institutionalisation of ORT and elaborating on transparency’s main limitations and uncertainties. As the chapter concludes, these shortcomings call forth a re-examination of how the potential of transparency can be harnessed in the oil industry so as to bring about transformative changes to the countries and societies suffering from the pathologies of oil extraction in the developing world. The last section suggests two things: (1) the (re)building of broader coalitions in which civil society are included and meaningfully contributing to the debate and practice of ORT; and (2) placing materiality at the forefront of this effort, that is, materiality of the information sought and disclosed and materiality of the resource to be governed.

MAKING SENSE OF ANGOLA'S ORT MODEL

Before debating what the uncertainties, limitations and pitfalls of ORT are, one must begin by making sense of the transparency turn in the global and domestic oil industry. On the origins of ORT globally, the thesis indicated that besides the policy research on the resource curse, the mainstreaming of this reformist agenda in the petroleum industry was facilitated by the increasing scrutiny of the conduct and policies of international actors, notably IOCs and IFIs, as well as the rise of the good governance and anti-corruption agendas onto the international stage and in the energy arena. The latter was very much facilitated by the mainstreaming of anti-corruption values into the core of the World Bank activities and the recognition of the interrelation between oil activities, conflicts, corruption and poverty by, among others, savvy norm entrepreneurs who pushed through transparency as the key strategy for improving oil governance. As explained in Chapter 2, these changes occurred at a time of widespread realisation that current global issues require a holistic approach to problem-solving, hence, the contribution of a wide array of stakeholders and resources.

Angola, SSA's second largest oil producer, provided the context for global demands for ORT. "It is hard to find an example of a country that has misused its oil revenues to such a great extent; maybe Nigeria" in SSA where there was great interest generated by oil companies⁴¹³. Previously a poster child of the resource curse, a typical case of an oil kleptocracy and the site of international experiments for neoliberals to bring about peace and development, Angola is somewhat unique in that despite being a key case around which this and other revenue transparency standards developed, it has undertaken a series of homegrown reforms independently of global standards such as EITI. Chapter 4 demonstrated that Angola's expression of ORT deals with a wider set of issues such as the availability of information related to revenues inflow, the availability of budget information and beneficial ownership – though ironically, key public officials are exempt from producing relevant information under this last component, and the information released is not destined for public consumption. These measures are completed by assurances of integrity through validation from external 'experts' as well as the implementation of other oft-cited transparency initiatives such as the setting up of the oil fund, FSDEA. In this sense, thus, the claim that Angola's non adherence to the EITI framework is reflective of its level of commitment to transparency is unfounded.

⁴¹³ Interview with Western civil society actor, 7 March 2011.

This postwar reform agenda is a consequence of internal logics and contradictions. As many observe, it lies at the intersection of two main rationales, one of which is reputation building. This is reflective of a shift in elites' worldviews and interests; put simply, it denotes their "adherence to a global free-market worldview", but also represents "an interest-based conformity founded on fear that nationalist policies would bring punishment by international financial markets [even though] the extent of the over-conformity suggests an irreducible element of ideological conversion" (Chang and Evans 2005: 29). The second rationale as detailed in Chapter 9 is control of power - mostly but not solely through control of the oil sector - in order to maximise its rewards so as to preserve elite's monopoly over the state and society.

Two important features of this model are noteworthy. The first is the diversity and identity of information authors: from oil companies, to IFIs, and government agencies. It is remarkable, for instance, that a powerful agency like Sonangol which was previously considered "anti-reformer" has taken up the ORT reform agenda; while MINFIN, previously the "weaker" agency, has essentially become the main "insider proponent" of the transparency agenda (Chapter 4). This shift in attitudes, practices and positioning would suggest that even institutions are subject to change. And contrary to the belief that states mainly have the power to obstruct or that "they are the problem and not the solution" (Bieckman 2012: 4), these shifts insinuate that power may not only be used to resist transparency, but may also be used by powerful actors to define transparency and steer its development in specific ways and directions (Meijer 2012). The second notable feature - which one may associate with the homegrown nature of Angola's ORT agenda the Angolan ORT model but actually reflects a wider concern with of the implementation of ORT initiatives as the discussion of EITI in Chapter 2 shows - is the minimal input of civil society. The chapter will return to the role of civil society at a later stage in the chapter.

Saying that Angola undertakes reforms on its own terms is not the same as implying that it is completely immune to external pressure. The point is that one should not overestimate the role that external actors can play in these reform processes. For instance, how can one prove that Changes in Sonangol's transparency practices were influenced by the IMF? These innovations no doubt coincided with the implementation of the SBA, which gives the impression that they were influenced by the IMF. However,

that remains to be proved especially given the existence of other sources of funding and the fact that the context within which this IMF-monitored programme was implemented – in the midst of a financial crisis – was not entirely new to the Angolans. In fact, the author would rather interpret these changes as a mere statement of intent and an expression of the fact that the Angolan regime was ready to change, more than as a consequence of IMF pressure.

The point about Sonangol and the IMF's leverage brings to the fore one theme particularly relevant to the investigation into reform drives: that is the timing of implementation of transparency policies. In Angola, Chapter 4 demonstrates that international oil prices are a determining factor in the uptake of reforms. The deepening of the reform agenda during the period from 2009-2013 corroborates this point, so does the signing of the SBA in November 2009. Political crises too are an important driver of reforms as indicated by the links between the US Senate investigations and the adoption of LAP in 2010 in Chapter 6. Besides timing, however, there is a broader sense that the pace at which reforms take place, and the design of the reforms itself, is equally dictated by broad uncertainties about the uses of transparency and domestic implications of greater openness; a point that is worth expanding on.

UNCERTAINTIES AND LIMITATIONS OF ORT

That there are uncertainties surrounding the uses of ORT in Angola is hardly surprising. This is a country emerging from a long and prolonged civil war characterised by great distrust and international interventions, and one during which opacity and lack of transparency was used for national security purposes among other things (see Chapter 3). Indeed, a number of Angolan interviewees insisted that current transparency practices should be put in context. They present it as a novel idea, one that needs time to be adapted to elites' old revolutionary minds, albeit pointing out that the progress achieved so far reflects the slow pace and limited extent of this cultural shift.

Worth stressing that the existence of uncertainties extends to other developing countries as well. One respondent whose organisation has consistently called on China to adopt transparency policies observed that there were great uncertainties in China about EITI, in particular, great wariness of domestic implications of exposing discrepancies between

revenues and receipts for the country's peace and stability⁴¹⁴. Increasingly, there are questions asked of the utility of transparency in prominent EITI-implementing countries like Nigeria or Cameroon, because of its politicisation both by domestic and international actors. In all, these uncertainties are perhaps more illustrative of actors' responses and the way in which ORT has been implemented so far than of the policy itself. To comprehend this, one needs to consider the origins of these uncertainties, two of which are underlined below.

One source of uncertainty resides in the existence or absence of the required capacity to undertake what are often technically complex accountancy tasks. In Angola, the reader is reminded of the argument by critics that this is merely a question of political will as opposed to being a structural issue. However, it is maintained here that the human and physical infrastructure necessary for the production and disclosure of key information that would have enhanced the effectiveness of specific ORT policies simply did not exist. This prompted one source to conclude that:

“In order to have transparency and accountability, you have to have the information in the first place. And to have the information, there has to be a purpose to generate that information in the first place. And without that, sometimes it is just that the information does not exist or it is absolutely not in the form that is consistent enough to be shared even if someone wanted.”⁴¹⁵

As mentioned in the introduction, uncertainties also derive from divergent understandings of key values critical to the construction of transparency. Chief among these is participatory democracy. Indeed, one of the key features of the past decade of data revolution has been the paradox between increased transparency and diminishing civil society space, despite the centrality of civil society and a right to know to the discourse on ORT. The dissertation abounds with instances where this notion of civil society, its purposes and contribution to ORT, triggered conflicts among key stakeholders. Chapter 2 referred to it in the discussion on the EITI's admission of Ethiopia as a Candidate country in spite of civil society warnings that it could not reasonably be expected that the Ethiopian civil society would meaningfully participate in the initiative once set up. The same chapter pointed to EITI Secretariat's alleged exclusion of Cameroonian civil society in the decision-making surrounding Cameroon's validation report in 2010; while Chapter 10 referred to claims of it sidelining Angolan

⁴¹⁴ Interview with Western INGO representative, London, 9 September 2014.

⁴¹⁵ Interview with Western civil society actor, London, 18 February 2013.

activists with links to the oil service industry⁴¹⁶. Most significantly, the dissertation showed this to be an issue even among civil society itself. This is notable in the big gaps that exist between GCS's agenda and approaches to ORT – its previous emphasis on companies and the revenue side of ORT – and domestic civil society's needs and interests that centre on government's expenditures and accountability (see Chapters 4, 6, 8 and 10 in particular).

There are other examples that were not included in the previous chapters but are nevertheless relevant. Most notably, the limited participation of civil society has been a major source of anxiety for EITI's poster project in Azerbaijan, where according to a commentator, "EITI lost Azerbaijani civil society a long time ago though they weren't ever enthusiastic about EITI."⁴¹⁷ In Angola, "we did not incorporate very well the perspective that CS organisations are part of the monitoring process"⁴¹⁸. What is more, while up to the 2011 youth protests most external actors were commending the regime on transparency, civil society actors and opposition leaders were deploring "renewed social conservatism and social fascism" disguised in Angola's developmental agenda. Another critic argued that the government had "sophisticated strategies to curve democratisation by empowering its elites while infiltrating its people within civil society". As a result, "civil society organisations cannot yet impose a systematic agenda" and it is "disappearing."⁴¹⁹

Together, the foregoing patterns underscore the lack of consensus there is on what roles civil society should play in this relatively new context, with serious implications for the operationalisation of ORT. Above all, they are a reflection of a lack of understanding of the contexts – historical, socio-political, geographical and global - to which ORT policies are adopted and applied. In turn, this points to a secondary challenge ORT has faced, which is that at its inception it was not based on an appropriate theory of change but rather on false assumptions as to what it presumably can achieve as a policy tool.

The theory that oil sector data can lead to civil society empowerment has yet to be proved. Critics also query whether transparency can or does address the causes of

⁴¹⁶ Interview with Angolan trade unionist and oil service worker, Luanda, 6 August 2010.

⁴¹⁷ Interview with Western civil society actor, 18 July 2014.

⁴¹⁸ Interview with senior Angolan CSO representative, Luanda, 4 August 2010.

⁴¹⁹ Views expressed during the international conference on "Southern Africa: Civil Society, Politics, Development and Donors Strategy" held at the European Parliament in Brussels, on 17 November 2009.

corruption, and whether transparency should be prioritised at all over other solutions, particularly in view of its limitations and unintended consequences. Taking two predominant contributions to the idea of institutions as key to avoiding corruption-related problems, Kolstad and Wiig (2008:526) observe that “information is a factor in neither of these two studies, and it is therefore not immediately apparent that transparency reform should receive priority.” In actual fact, these authors noted, “transparency does not affect the extent to which resource abundant countries suffer a resource curse” (ibid: 527). What is more, the expansion of the norm content - from revenue to contract, beneficial ownership, commodity trade and sovereign wealth funds -, it is still uncertain precisely what type of transparency can best achieve the challenges at hand.

Ultimately, what ORT can achieve depends on one’s expectations and perceptions of what counts as transparency and what its purposes are. Andrew Barry makes an interesting argument:

“The problem with EITI is not that its operation necessarily conceals anything, but that it is not expected to reveal much. It does not necessarily hide the truth, but leaves a huge amount unsaid. It allows a vast space of discretion: the realm of what one chooses not to know, does not investigate, or deliberately overlooks [...] But if transparency is rendered so specific in its focus, it is, therefore, also achievable” (Barry 2013: 18-19).

Another EITI champion stated:

“If you look at the EITI, Iraq just signed up, Afghanistan just signed up, and Indonesia might sign up. So, the numbers are increasing, not decreasing. I think it is easy to criticise something but it has a modest impact. It keeps attention to the right set of issues.”⁴²⁰

The problem with this state-centred proposition is twofold. First, what and whom is this transparency achievable for? One of the revelations of the past decade - in direct contradiction to the “win-win” model that transparency policies are supposedly designed to foster - is that “transparency was never ‘innocent’ of wider structures of political and economic power” (Gupta and Mason 2014: 337). This finding reaffirms the imperative to consider ORT as a contested political terrain in which on-going conflicts over norms, practices and objectives of governance take place (Gupta 2010). Indeed, it comes as no surprise that it is investors that are the primary users of the type of information sought

⁴²⁰ Interview with Western scholar, Cambridge, 01 March 2011.

and disclosed (Krakenes 2013). Generally speaking, most investors are not fazed by Angola's absence from EITI, or its poor ranking in corruption and ease of doing business surveys. In contrast, they are "flocking" the country, mostly content with seeking out lucrative partnerships with "strongmen of the apparently stable regime" (Soares de Oliveira 2012: 5). The fall and rise of the price of Cobalt's shares following the announcement of SEC's investigations (Chapter 5) certainly does not give the impression of international markets worries about this subject. Further, Angola's good credit rating scores show that for all the alleged corruption scandals it is linked to, it remains a viable place to do business.

ORT has benefited other external actors too. By disclosing oil sector data on a project-by-project basis, companies like Statoil can enhance their international reputation whilst avoiding more difficult questions, say, about its investments in a country like Angola that is prone to corruption - which incidentally it is currently facing in Norway. By reaffirming the GoA's explanations of the US\$32 billion missing from Angola's public finances, the IMF was allowed to go unchecked even though as GCS actors stressed, this occurred under its watch. Likewise, according to one senior IFI representative, "in Nigeria, people are asking: we are EITI compliant, how come we have US\$10 billion missing?"⁴²¹ Finally, it goes without saying that several GCS actors made their reputations out of 'exposing' corruption and pushing for ORT globally and locally.

The preceding expose helps make the point about power imbalances and conflicts that ORT can create. Beyond conflicts, "the double-sided nature of transparency reminds us that often we *do not know* what we are missing. So, it is difficult to know what to "ask for," [...] because we take it for granted in looking beyond" (Christensen and Cheney 2013: 16). As a matter of fact, the thesis has shown how the information released was at times less relevant and useful than the context or identity of information senders to the understanding of the intricacies of the reform process. In other cases as with the information on oil receipts disclosed by various Angolan agencies (Chapter 4), or with the IMF's explanations of the whereabouts of the US\$32 billion gap that occurred between 2007 and 2010 (Chapter 6), the information in question even engendered greater distrust of the message and messengers. This point about unintended consequences of transparency's rise in popularity has been made with regard to EITI as

⁴²¹ Comment made during the conference on 'New Directions in Governance,' London, 18 September 2014.

well, with one senior analyst suggesting that the MSI “has caused more harm than good” principally because “it has shifted the resource curse debate to the issue of transparency and corruption. Whilst indeed an important ‘branch’ of the argument, it certainly is not the only reason why resource-rich countries are poor.”⁴²²

In sum, therefore, “transparency is hard to do”; whereas it lets information users see streams of facts, it neither conveys any understanding of their meaning, nor does it always enable them to act upon them (Florini 1999: 3). Assuming that emphasising specific issues is the answer to making transparency work as Barry seems to suggest, what issue(s) then are we to focus on? On this question again, Angola does provide some clues which are examined further below.

HARNESSING THE POTENTIAL OF TRANSPARENCY FOR OIL-LED DEVELOPMENT

It should be clear that though transparency matters, full transparency is simply an illusion for the reasons underlined throughout the thesis and again in the previous section. This conclusion is best summed up by Drucker and Gumpert (2007: 493) who remark that “transparency, the opposite of opacity, is a worthy but unobtainable ideal in the social relationships of people, the workplace, and between governments and the governed.” Over the past decade, this illusion of transparency has been fostered by “an ever-growing environment of informational access often bleeding into the realm of overload and message saturation” and “an ever-growing presence of press coverage of the governors, institutions and business coupled with more sophisticated use of media technologies to make organisations appear more accessible” (ibid). But whilst transparency benefited the powerful - governments, IOCs, investors, GCS and IFIs - the most, in many cases it alienated citizens who are the alleged primary beneficiaries of this policy.

Today, the policy and its promoters find themselves at a critical juncture, with growing calls to align transparency policies with the expectations of resource-rich developing countries’ citizens, young and old. The question currently facing advocates is how

⁴²² Personal communication, 3 May 2012.

extractives sector transparency specifically can be made to work for both information users and senders so as to deliver real tangible changes for societies suffering from the pathologies associated with the resource curse. In answering this question, it suffices to start by re-examining existing approaches so as to gauge their appropriateness and allow the reader to make an informed assessment about the possible way(s) ahead. Precisely, the multidirectionality of the demand and supply of ORT imparts on one the responsibility to assess the appropriateness of home state regulation which has been PWYP's recommended option; as well as those preferred by governments and IFIs, namely, EITI and technical assistance. It should be clear by now what the main limits of EITI are and so these will not be repeated here. Instead, what follows is an examination of extraterritorial legislation and IFIs' technical assistance.

Take the case of home state legislation, the Dodd Frank Act specifically. Some advocates argue that although not a "silver bullet", this type of regulation has a critical and unique role to play in addressing corporate behaviour in the extractive industries because it can (a) employ a range of mechanisms to incentivize, facilitate and/or coerce compliance; (b) act as a catalyst for other states to develop similar regulation; and so (c) contribute to development of international consensus for a global legal response (Simons and Macklin 2014). Others insist that the Act cannot deter more complex forms of oil sector corruption such as those witnessed lately in Angola and the global South more generally. In one source's view, "this is a common misconception. The [Dodd Frank Act] covers the disclosure of basically visible payments from oil companies to governments" and it would not cover "equity structures that have become more complex than old-school bribery."⁴²³ Nor would it address oil companies' manipulation of oil sector employment rules as detailed in Chapter 7. One leading Angolan transparency campaigner who has publicly shown his support for the Act privately also opined that it will have no impact in Angola simply because "this is a global world and as long as there are interests playing around, you know, people will still find a way to compromise things." This interlocutor stressed that good resource governance in Angola "will not depend on the American Senate or House of Commons. It will depend on whether and how the Angolan people demand of the government more transparency, more accountability, more responsiveness to their social and economic needs."⁴²⁴

⁴²³ Telephone interview with Western journalist, 4 January 2013; emphasis added.

⁴²⁴ Telephone interview, 16 December 2010.

For IOCs and some GCS actors, the problem with the Dodd Frank Act lies in its coverage and authority. Jean-Francois Lassalle, Total's Vice-President of Public Affairs, contested the Act only 6 per cent of the world's total oil and gas reserves whereas EITI covers 15 per cent of reserves. Lassalle also argued that the Act's extraterritoriality creates conflicts between home states and host states laws and does not respect the sovereignty of the latter; that it is inappropriate in an international environment in which Western companies are competing "with open card" with Asian firms not registered on stock exchanges; and that it targets companies already applying good governance principles and strong codes of conduct⁴²⁵. One legal expert who advises various IOCs operating in Angola also cited the difficulty that emanates from having "a regulator from a common law jurisdiction imposing a common law perspective to companies that operate in common jurisdiction but also operate in civil law countries, and in geographical areas that are different culturally and legally" such as Russia, the Middle East, Africa.⁴²⁶ In sum, as one Western scholar queried, "to make [ORT] mandatory under whose authority would it be under?"⁴²⁷

A third challenge with this mandatory approach is one that goes at the heart of the fundamental issue of onus of disclosure. Indeed, one of the greatest omissions in the thinking and practice of ORT have been domestic constituencies' expectations on who the onus of disclosure should lie. In Angola, the position clearly is that this responsibility should above all fall on the government for reasons set out in Chapter 7, including perceptions on who owns the country's natural resources. It is also the case that this approach only has a minimal effect on government accountability, which has been the real challenge of resource governance including in Angola. As the last informant noted,

"Some people in the PWYP coalition say that it is companies that should be required by British law, or US law to disclose every payment that they make. I think it is good, but it does not get what you and I are working on which is really what governments are doing, and which I think is more important because it is governments that decide whether development is served or not. So, it is time to focus on what governments do or not and the fact is that you cannot really force them to sign up to anything. That is what the World Bank has tried to do with

⁴²⁵ Speaking at a Chatham House meeting on "Promoting Democratic Management of Africa's Oil Wealth: Lessons from Angola, São Tomé Príncipe, and Nigeria", London, 25-26 August 2010.

⁴²⁶ Telephone interview with Western lawyer, 3 September 2012.

⁴²⁷ Interview, Cambridge, 01 March 2011.

conditionality but it does not work; it is not going to work with a country like Angola.”⁴²⁸

Likewise, the jury is still out on whether providing technical assistance is the best approach to achieve transformative change. One opinion is that using IFIs’ high levels of technical expertise is an important entry point, as it can help identify where improvements are needed and induce change from within government⁴²⁹. In short, so this argument goes with regard to Angola, “the only meaningful way to engage the GoA is via technical assistance [...] which is not frontloaded by package of conditionalities (e.g. human rights).” Conditionalities “can be brought in at a later stage in ways that do not solicit the opposite effect from the GoA” (Govender and Skagestad 2009: 25 citing an Angolan civil society representative). In fact, promoters of this stance argue that the World Bank should tread carefully between providing technical assistance to the government and discussing civil society space nationally, and even that it should avoid advocating for increased space for civil society.⁴³⁰

A counter-view to such a cautionary approach is that the deployment of technical capacity building tools “does not guarantee influencing the direction that the revenues flow or even how they are accounted for” (Govender and Skagestad 2009: 25). Besides, while the Bank should recognise the depth of its technical expertise, it must equally be useful in the coordination, operational support and funding of CSOs. Currently, the bulk of its funding of civil society work appears to be going to three main organisations - namely, EITI International Secretariat, RWI and PWYP - but must be extended to developing countries’ civil society organisations in order to help expand civil society space in those countries⁴³¹. What is more, this approach runs the risk of being perceived as non-engagement with more pressing issues on the ground. For example, Norway has been accused of using its institutional support to MINPET to avoid addressing human rights violations in the region. Put bluntly, “now that they are

⁴²⁸ Interview with Western scholar, Cambridge, 01 March 2011.

⁴²⁹ Western CSO representative speaking at the conference on “New Directions in Governance”, London, 18 September 2014.

⁴³⁰ EITI supporter speaking at the conference on “New Directions in Governance”, London, 18 September 2014.

⁴³¹ Senior western transparency campaigner speaking at the conference on “New Directions in Governance”, London, 18 September 2014.

interested in business, human rights no longer exist [...]. They are not really interested in whether people are suffering.”⁴³²

Fung and colleagues (2007: 11) insist that the effectiveness of transparency policies is heavily dependent on whether and the extent to which they are “user-centred” - that is, focused on the needs, interests and capacities of both information users and disclosers – and gain in use, accuracy and scope over time. Nowadays, campaigners are calling for a systemic shift from responsibility to accountability which should no doubt include that of external actors who continue to play a key role in the institutionalisation of transparency in developing countries, but whose efforts do not receive the attention it deserves as of yet. In addition, the position here is that for transparency to work for all stakeholders and indeed gain in use, accuracy and scope, there needs to be a two-pronged strategy that centres on: (1) the (re)building of broader coalitions in which civil society plays a central role in the policy in question; and (2) placing materiality at the forefront of any effort aimed at tackling governance challenges.

The point about coalitions is not novel. Most development analysts agree that effective and developmental states can only be created and sustained when there are inclusive coalitions supporting its institutional arrangements (see for example Leftwich 2008). The point that the author would like to emphasise here is the need for a systemic shift from institutions to agents. That does not mean that institutions no longer matter, but rather that when institutions are encouraged, one must get beyond the traditional view of “institutions as constraints” and focus instead on “institutions as devices which *enable* the achievement of goals requiring supra-individual coordination and, even more important, which are *constitutive* of the interests and worldviews of economic actors” (Chang and Evans 2005: 2).

But this should not only be about state actors, even though as some respondents have argued, development is conditioned by what these actors do. The analysis of the institutionalisation of ORT in Angola showed that the global ORT movement was previously limited mainly by (a) the lack of interest in and resonance of ORT; (b) lack of capacity of governed and governors; and (c) the absence of ‘trusted messengers’ or the fact that all key messengers – governments, IOCs, IFIs and GCS - suffered from legitimacy shortfalls and as a result have not been trusted by developing countries’

⁴³² Interview with an Angolan Protestant Pastor, Yaoundé, 18 August 2010.

citizens. And increasingly, perceptions of GCS actors abandoning their emancipatory goals and search for dignified justice and what this entails (cf. Quak 2012: 13; Bieckmann 2012); or of IOCs contributing to the entrenchment of the pervasive culture of opacity in the oil industry; or again of IFIs and EITI cosying up to governments and companies, are leading to a myriad of citizens-led initiatives demonstrating the awakening - and in some cases reawakening - of the citizenry. If anything, as suggested elsewhere (Mouan 2014), these various expressions of citizenship underscore the urgency to put citizens and their needs at the centre of the thinking and practice of transparency and development more broadly.

It remains the case that international actors have a critical role to play - as LUPP demonstrates - even in the most contested and highly complex, non-democratic settings like Angola. As explained in Chapter 10, the award-winning DFID-sponsored programme was one of the catalysts for change in Angola. It helped develop the expectation of active citizenship, create spaces for public debate and consultation, and facilitate the emergence of political accountability, citizen empowerment and the formation of new leaders in anticipation of future democratically elected municipal councils. That it did prove that a positive interaction and alliance between various domestic and international actors – local government, political parties, citizens, DFID and INGOs – is possible, and that it can enhance participative processes starting from the base in the community and moving upwards.

The second ingredient for success is inextricably linked to the first one, and like its predecessor necessitates further research. As indicated earlier in the chapter, it refers to materiality of the information sought and released as well as materiality of the resource being governed, which in this case is oil. If one should ask of the previous topic whether EITI and PWYP are the right models to harness the potential of extractive industry transparency, and whether and how they could be sustained, on this topic, the fundamental question is: if the information released so far has informed and empowered already powerful actors, and if civil society empowerment is the ultimate goal of transparency, what do we know about the information that may be of relevance to this civil society? To return to Barry's (2013) note on the focus on one issue, what issue then are we to emphasise if revenue transparency limits opportunities to tackle the core of the problem? Should the same issue or subject matter apply to both the oil and mining sector? If not, what would be best suited for each sector? Is beneficial ownership,

transparency of commodity trading or budget transparency the answer? In short, it is critical that one begins to ask not just whether transparency works (see Gillies and Heuty 2011), but in which area and for what purposes.

In this respect, the thesis showed transparency to have some incremental effects on a variety of areas such as budget reporting and beneficial ownership. In fact, one of the biggest lessons from the institutionalisation of oil sector transparency in Angola came from Cobalt's partnership with Nazaki and that is not solely because it exemplified the limits of home state legislation (see Chapter 5). As a matter of fact, this case demonstrates the limits of extraterritorial legislation up to a point. Precisely, it shows that extraterritorial legislation has a big impact on who gets into the Angolan oil industry, and in the offshore ultra-deep waters more than anywhere else. Western oil firms that dominate these types of plays – due to their significant capital investment and know-how – are increasingly risk-averse and reputation-conscious in part because of growing regulatory pressures. These reputational concerns, in turn, may explain why they are more cautious about investing their hard earned cash on acquiring companies such as Cobalt that seem to have a lot of potential but are also tarnished by corruption scandals. Industry experts suspect that Cobalt itself may not have enough cash flow to move from exploration to production, nor do Chinese companies possess the expertise necessary to operate in these complex plays. In all, doubts over the financing of Cobalt and its dominance of the pre-salt play in Angola – with its three blocks and five well discoveries so far (see Chapter 5) – create uncertainties not only around the future and reputation of the Angolan oil industry as a major oil province, but most significantly, for Angola's developmental model, which is heavily reliant on its successful offshore oil industry.

In the past, moments of uncertainty have led the Angolan petro-elites to seek pragmatic solutions that could help them wither the impacts of external shocks. That was the case during the 1980s economic crisis when Sonangol was forced to start mortgaging the country's future oil in order to access the financing that secured the country's functioning during the civil war. In the end, it is probable that this same pragmatism and the need to sustain the flow of oil revenues trump any short-term aspiration for accumulation of private wealth in the short- to medium term.

Beyond the economics of the oil industry, the thesis detailed how elites' control of and dependence on offshore oil influenced the ORT reform process notably by (a) limiting

interactions between and taming the responses of diverse stakeholders; and (b) influencing the emergence of the budget transparency movement in Angola. By reaffirming the centrality of oil's materiality to contemporary hydrocarbon politics, and its influences on oil policy on transparency, this finding underlines the value in reconsidering "just how oil's materiality matters and is 'locally' appreciated" in Africa, global policy circles and various fields of social science (Weszkalnys 2013: 280). Tackling this question at the current juncture would make a substantial contribution to the social science study of oil, CSR research, and policy.

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APPENDIX 1: SELECTED LIST OF INTERVIEWS AND COMMUNICATIONS

1. Interview with Angolan journalist and rights activist, Oxford, 16 March & 18 June 2009.
2. Interview with senior transparency campaigner via Skype, 3 June 2009.
3. Telephone interview with senior Western IOC adviser, 21 July 2009.
4. Interview with Late senior Western rights activist, London, 24 July 2009.
5. Interview with Angolan asylum seeker, Coventry, 5 August 2009.
6. Interview with senior African China-Africa analyst, Stellenbosch, 7 August 2009.
7. Telephone interview with former Western IOC vice-president, 23 September 2009 & 2 February 2010.
8. Interview with Western scholar and former World Bank consultant, Cambridge, 1 March 2010 & 5 June 2010.
9. Telephone interview with Western university lecturer, 23 February 2010.
10. Personal communication with EITI International Secretariat insider, 7 April 2010.
11. Interview with African doctoral researcher and China-Africa analyst via Skype, 7 April 2010.
12. Interview with senior Western journalist and writer, Coventry, 9 April 2010 & 16 November 2011.
13. Telephone interview with former Western EITI Board member (investor), 26 April 2010.
14. Interview with Cameroonian accountant, Coventry, 3 July 2010.
15. Interview with Nigerian university lecturer and former environmental auditor, Coventry, 5 July 2010.
16. Interview with senior Angolan NGO director, Luanda, 4 August 2010.
17. Interview with Angolan university lecturer and rights activist, Luanda, 5 August 2010.
18. Interview with Angolan transparency activist and oil service worker, Luanda, 6 August 2010.
19. Informal conversation with Angolan university student and CSO official, Luanda, 7 August 2010.
20. Informal conversation with Angolan oil service worker and trade unionist, Luanda, 8 August 2010 & 28 July 2012.
21. Informal conversation with Angolan civil servant and CSO activist, Luanda, 8 August 2010.
22. Informal conversation with Angolan oil service worker, Luanda, 8 August 2010.
23. Interview with Angola consultant, CJP, Luanda, 10 August 2010 & 21 January 2013.
24. Interview with Angolan extractives sector analyst, CJP, Luanda, 10 August 2010.
25. Interview with African INGO development programme manager, Luanda, 10 August 2010.
26. Interview with Angola UN programme officer, Luanda, 12 August 2010.
27. Interview with Angolan civil servant and former CRTC executive, Luanda, 13 August 2010.
28. Interview with Western Doctoral Researcher, Luanda, 13 August 2010.
29. Interview with Angolan Protestant Pastor and former executive of the Inter-Ecclesial Committee for Peace in Angola (COIEPA), Luanda and Yaoundé, 14 & 18 August 2010.
30. Interview with Cameroonian associate coordinator, RELUFA, Yaoundé, 19 August 2010.
31. Interview with Western representative, Service National “Justice et Paix” (SNJP), Yaoundé, 19 August 2010.

32. Interview with Cameroonian PWYP campaigner, Yaoundé, 19 August 2010.
33. Telephone interview with OSISA representative, 16 December 2010.
34. Interview with Cameroonian INGO country director, Yaoundé, 19 August 2010.
35. Telephone interview with World Bank official, 12 November 2010.
36. Telephone interview with senior Western transparency campaigner and former EITI Board member (civil society), 7 March 2011.
37. Interview with Western Think tank analyst, London, 31 May 2011.
38. Telephone interview with senior Western business and human rights analyst, 7 June 2011.
39. Interview with Western doctoral researcher and Angola analyst, London, 20 April 2012.
40. Personal communication with senior resource governance analyst, 3 May 2012.
41. Telephone interview with Principal IOC CSR consultant, 21 June 2012.
42. Interview with Angolan Dominican Priest, London, 5 July 2012.
43. Interview with senior UNITA representative, London 31 July 2012.
44. Telephone interview and personal communication with Congolese PWYP campaigner, 29 & 31 August 2012.
45. Telephone interview with Western lawyer, 3 September 2012.
46. Telephone interview with senior Western policy analyst, 12 September 2012.
47. Telephone interview with Angolan legal expert, 5 October 2012.
48. Interview with former Western diplomat and oil industry insider, London, 12 October & 14 November 2012.
49. Interview with senior IOC official, London, 14 November 2012.
50. Informal conversation with senior Angolan diplomat, London, 6 December 2012.
51. Telephone interview with investigative journalist, 4 January 2013.
52. Interview with Western reporter, London, 17 January 2013.
53. Personal communication with senior Western development consultant, 11 & 12 February 2013.
54. Interview with senior Western CSO activist and former LUPP insider, London, 18 February 2013.
55. Interview with Western INGO country director via Skype, 21 February 2013.
56. Interview with Nigerian doctoral researcher and former NEITI insider via Skype, 10 March 2013.
57. Interview with Western INGO officer, London, 12 April 2013.
58. Telephone interview with senior Angolan diplomat, 16 May 2013.
59. Interview with two senior Angolan diplomats, London, 21 May 2013.
60. Interview with Angolan OSISA representative, London, 17 & 18 September 2013.
61. Informal conversation with senior IOC strategist, London, 18 September 2013.
62. Personal communication with senior IOC strategy analyst, Statoil 27 Sept 2013 and 10 October 2013.
63. Informal conversation with senior INGO analyst, London, 13 June 2013.
64. Interview with senior Western CSO representative and transparency analyst (China), London, 9 July 2014.
65. Telephone interview with Western transparency analyst (Azerbaijan), 10 July 2014.
66. Interview with PWYP campaigner, London, 16 July 2014.
67. Informal conversation with senior IFI executive, London, 18 September 2014.

APPENDIX 2: SELECTED LIST OF EVENTS (2008-14)

No.	Event Type and Title	Date	Key Speaker(s)	Host Institution and Location
1.	International Law Association (ILA) British Branch Conference on 'Does International Law Mean Business – A Partnership for Progress?'	16-17 May 2008	Paul Collier - Oxford University. John Ruggie – United Nations and Harvard University.	Clifford Chance, London.
2.	Seminar on 'Post-War Resource Management in Angola.'	5-6 June 2008	Patrick Chabal - King's College London. Alex Vines - Chatham House. Aslak Orre, Jan Isaksen, Arne Wiig, Ivar Kolstad – CMI. Kåre Stormark - Norwegian Ministry of Foreign Affairs. Sergio Calundungo – ADRA.	CMI, Bergen.
3.	The Conference Board Europe Conference.	05 February 2009	Karina Litvack – F&C Asset Management	London.
4.	Seminar on 'From war to peace in Angola: coercion, identity and political legitimacy in the Central Highlands.'	09 March 2009	Justin Pearce, PhD Candidate – Oxford University.	Oxford University, Oxford.
5.	Research Event on 'Opposition in Angola: UNITA's Past, Present and Future.'	26 May 2009	Justin Pearce, PhD Candidate – Oxford University. Raquel Ferrão, PhD Candidate – Universidad Autónoma de Madrid.	Chatham House, London.
6.	Seminar on 'Human Rights Lawsuits against Companies: Short Films and Panel Discussion.'	16 July 2009	Martyn Day – Leigh Day. Juliana Ruhfus – Al Jazeera. Karina Litvack – F&C Asset Management. Ian Gorvin – Human Rights Watch. Sif Thorgeisson – Business and Human Rights Resource Centre.	SOAS, University of London.

7.	Conference on 'Angola as a Global Player.'	24 July 2009	<p>Lord Mallock-Brown – UK Minister for Africa, Asia and the UN. Jose Patricio – BP Angola. Ted Giletti – Banco Africano de Investimentos. Vivienne Davies – Crown Agents. Ambassador Leena Sundh – Swedish Ministry of Foreign Affairs. Ambassador Hendrick Dane – German-Angola Business Initiative. Nick Shaxson – Chatham House. HE Pat Phillips – HM Ambassador to Angola. HE Ana Maria Teles Carreira – Ambassador of Angola to the Court of St James's.</p>	Chatham House, London.	
8.	International Conference on 'Southern Africa: Civil Society, Politics, Development and Donor Strategies.'	17 November 2009	<p>Judith Sargentini MEP – European Union Justino Pinto de Andrade – Angolan Catholic University Fernando Macedo – Lusiana University Rosario Advirta – Christian Aid Nuno Vidal – University of Coimbra Henda Ducados – Social Support Fund (FAS) Carlos Figueiredo – ADRA</p>	The European Parliament, Brussels.	
9.	Research Centre on 'The Return of the State in Post-War Angola.'	1 March 2010	Ricardo Soares de Oliveira – Oxford University	Cambridge, Cambridge University.	
10.	Research Event on 'Nigeria's Extractive Industries Transparency Initiative: Just A Glorious Audit?'	20 November 2009	Nick Shaxson – Chatham House Uche Igwe – NEITI	Chatham House, London.	
11.	Conference on 'Promoting the Democratic Management of Africa's Oil Wealth: Lessons from Angola, Sao Tome and Principe and Nigeria.'	25-26 August 2010	<p>Eddie Rich – EITI, Oslo Lisa Misol – HRW Nick Shaxson – Chatham House Madeline Young – FRIDE Joseph Williams – PWYP London Diarmid O'Sullivan – GW Jean-Francois Lassalle – Total, France Padre Belmiro – CJP Angola</p>	Chatham House, London.	

17.	Conference on 'Angola: Celebrating Ten Years of Peace.'	17 April 2012	Alex Vines OBE - Chatham House Christopher Alden - LSE Justin Pearce - SOAS Lauren Cobham - Mines Advisory Group International Ralph Publicover - British Ambassador to Angola (2005-07) David Sogge - Transnational Institute Nicholas Shaxson - Chatham House Markus Weimer - Chatham House David Simon - Royal Holloway, University of London	Chatham House, London
18.	Special Event on 'Africa's Economic Growth: Transitory or Transformative.'	20 April 2012	Razia Khan - Standard Chartered Bank Joel Kibazo - JK Associates Alec Russell - Financial Times	Chatham House, London.
19.	Roundtable on 'Angola's 2012 Elections: The View from the Opposition.'	30 July 2012	Domingos Jardo Muekalia - UNITA	Chatham House, London.
20.	Roundtable on 'The US and Angola – Pragmatic Partners.'	12 October 2012	Amb. Christopher McMullen - Ambassador of the United States to Angola	Chatham House, London.
21.	Conference on 'Maritime Security in the Gulf of Guinea.'	6 December 2012	Amb. Florentina Adenike Ukonga - Gulf of Guinea Commission Tony Attah - Shell (Nigeria) Amb. Christopher W. Dell - US Africa Command Olivio F. A. Jacinto - Angola Permanent Representation to the IMO Francesca Jannotti Pecci - UN Chris Trelawny - International Maritime Organization	Chatham House, London.
22.	Roundtable on 'Higher Education in Angola: The Importance of International Partnerships.'	31 January 2013	HE Adão do Nascimento - Minister of Higher Education, Angola Narciso Benedito dos Santos - Secretary of State for Technical and Professional, Training, Ministry of Higher Education, Angola Emanuel Gomes - University of Sheffield	Chatham House, London.
23.	Roundtable on 'Change in Angola: The Role of UNITA.'	29 April 2013	Isaias Samakuva - UNITA	Chatham House, London.
24.	Roundtable on 'The Role of New Political Parties in Angola: New Entrant, New Era?'	15 May 2013	Abel Chivukuvuku - CASA-CE	Chatham House, London.

				<p>Ian Gary – Oxfam America</p> <p>Gisa Weszkalnys – Exeter University</p> <p>Father Edward Obi – CCSR, Port Harcourt.</p>			
12.	Roundtable on ‘Strengthening Governance and Accountability in Angola.’	12 May 2011	<p>Angela Bragança MP - MPLA, Chair of the Foreign Affairs Committee, Angolan Parliament</p> <p>Isabel Peliganga MP - MPLA</p> <p>Palmira Barbosa, MP - MPLA</p> <p>Edite Manuel, MP - MPLA</p> <p>João Ngandagina, MP - PRS</p>	Chatham House, London.			
13.	Meeting on ‘Education in Angola.’	31 May 2011	<p>Emanuel Gomes - University of Sheffield</p> <p>Karen Neal - UK Trade & Investment, British Embassy, Luanda</p> <p>HE Ana Maria Teles Carneira - Angolan Ambassador, UK.</p> <p>Lord Hastings of Scarsbrick CBE - KPMG -</p>	Chatham House London.			
14.	Conference on ‘Poverty Reduction Strategies: Best Practice from Angola.’	22 July 2011	<p>Andy Rutherford - One World Action</p> <p>Allan Cain - Development Workshop (Angola)</p>	Chatham House, London.			
15.	International Conference on ‘Oil Politics in Africa.’	16 November 2011	<p>Jimmy Ahmed - Shell (Nigeria)</p> <p>Ian Gary - Oxfam America</p> <p>Uche Igwe - Johns Hopkins University</p> <p>Rosalind Kainyah - Tullow Oil Plc</p> <p>Christina Katsouris - Energy Intelligence, London</p> <p>Simon Massey - Coventry University</p> <p>Hon Eng Irene Muloni MP - Minister of Energy and Mineral Development, Uganda</p> <p>Jerome Okolo - National Think Tank Project, Nigeria</p> <p>Nicholas Shaxson - Chatham House</p> <p>Clare Short - International Board, EITI</p> <p>Ricardo Soares de Oliveira - Oxford University</p> <p>Douglas Yates - American University, Paris</p> <p>Joseph Williams -, Publish What You Pay, London</p>	Coventry University, Coventry			
16.	Conference on ‘Angola’s External Relations in Africa.’	20 February 2012	<p>HE Georges Rebelo Chikoti - Minister for External Relations, Angola</p> <p>Alex Vines - Chatham House</p>	Chatham House, London.			
			HE Miguel Gaspar Fernandes Neto - Angolan Ambassador to the UK				

25.	Research Event on 'A New Day in Extractives Transparency? The 2013 Resource Governance Index.'	16 May 2013	Paul Collier – Oxford University. Jamie Drummond – ONE. Daniel Kaufman, Alexandra Gillies – Revenue Watch Institute. Caroline Kende-Rob – Africa Progress Panel.	Chatham House, London.
26.	Roundtable on 'UK-Angola Bilateral Relations: Priorities, Influence and Impact.'	21 May 2013	HE Richard Wildash – British Ambassador to Angola.	Chatham House, London.
27.	Roundtable on 'Uncovering African Agency: Angola's Management of China's Credit Lines.'	25 July 2013	Lucy Corkin – Author Ricardo Soares de Oliveira – Oxford University.	Chatham House, London.
28.	Roundtable on 'Democracy and Decentralization: The Implementation of the 2010 Angolan Constitution.'	30 July 2013	Hon Dr Bornito de Sousa – Minister for Territorial Administration, Angola.	Chatham House, London.
29.	Meeting on 'Reaping the Revenue in Angola: Extractive Industries Transparency and Governance.'	17 September 2013	Elias Isaac – OSISA Angola. Dr. Muzong Kodi – Chatham House.	Chatham House, London.
30.	Roundtable on 'Angola as a Global Influence: Priorities for International Cooperation.'	13 June 2014	Hon. Dr Maria Ângela Bragança - Secretary of State for Cooperation, Ministry of External Relations, Angola.	Chatham House, London.
31.	Roundtable on 'China's Priorities in Africa: Enhancing Engagements.'	13 June 2014	Ambassador Zhong Jianhua - China's Special Representative for African Affairs.	Chatham House, London.
32.	Conference on 'Corruption and Anti-Corruption: Threats, Challenges and Opportunities'	9 September 2014	Dan Hough – University of Sussex Sam Tate – BP Mushtaq Khan – SOAS, University of London Roger Best – Clifford Chance Nick Maxwell – TI UK Jon Benton – Proceeds of Corruption UK Michael Jarvis – World Bank Institute	Clifford Chance, London.

33.	Conference on 'New Directions in Governance'	17-18 September 2014	<p>Marie Francoise Marie Nellie - Nigeria, World Bank</p> <p>Justine de Davila, DFID</p> <p>Vanessa Herringshaw, TAI</p> <p>Mario Marcel – World Bank</p> <p>Jim Cust – Natural Resource Governance Institute</p> <p>Eddie Rich - EITI</p> <p>Jeff Thindwa - World Bank</p> <p>Helene Grandvoinet – World Bank</p> <p>Paul Healey - DFID</p> <p>Gaia Gozzo - Care International</p> <p>Aly Elias Lalá - Concern Universal-Mozambique</p>	Overseas Development Institute, London.
34.	Book Launch of 'The Social Licence: How to Keep Your Organisation Legitimate'	29 September 2014	<p>James Morrison – Institute of Human Rights and Business</p> <p>Peter Frankental – Amnesty International</p> <p>Ramanie Kunanayagam - British Gas Group</p>	Amnesty International, London.